



SuMi TRUST
SUMITOMO MITSUI TRUST GROUP

Investor Meeting on Financial Results for 1HFY2017

November 21, 2017

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Definitions of terms in this document

Sumitomo Mitsui Trust Holdings (Consolidated): “Consolidated “ or “SuMi TRUST Holdings”

Sumitomo Mitsui Trust Bank (Non-consolidated): “Non-consolidated “ or “SuMi TRUST Bank”

Figures before FY2011 in Non-consolidated : CMTB (Non-consolidated) + CMAB (Non-consolidated) + STB (Non-consolidated)

Accounting for Business combination related to Management Integration

Purchase accounting method : Accounting method for business combination related to management integration

Results of applying purchase accounting method : Amount of effect from purchase accounting method

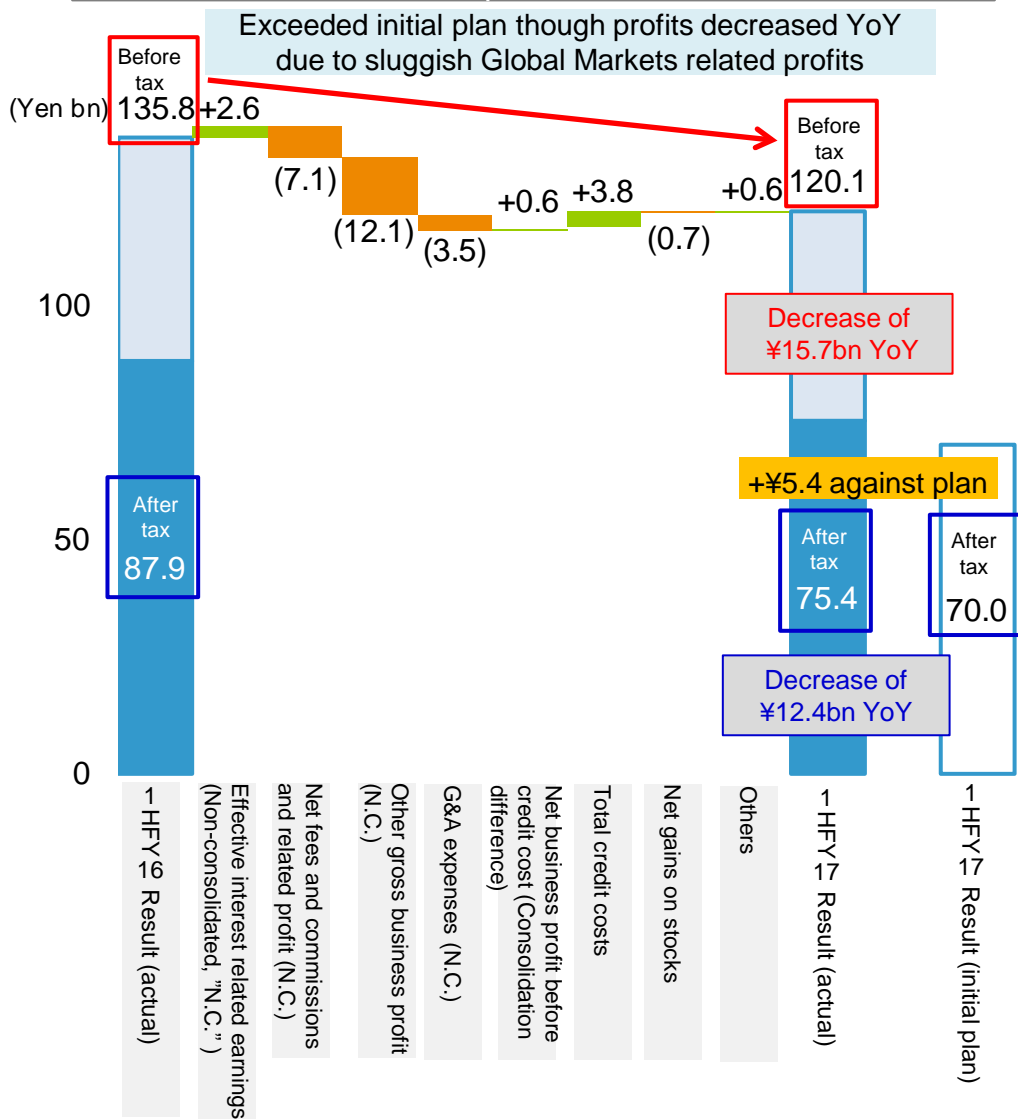
Financial indices per share

Indices regarding financial information per share such as “Net asset per 1 share,” “Dividends per 1 share,” are presented assuming that the consolidation of shares (one (1) share for every ten (10) shares) enacted on October 1, 2016, took place at the beginning of fiscal year ended March 31, 2016, for consistency purposes.

Summary of financial results for 1HFY2017

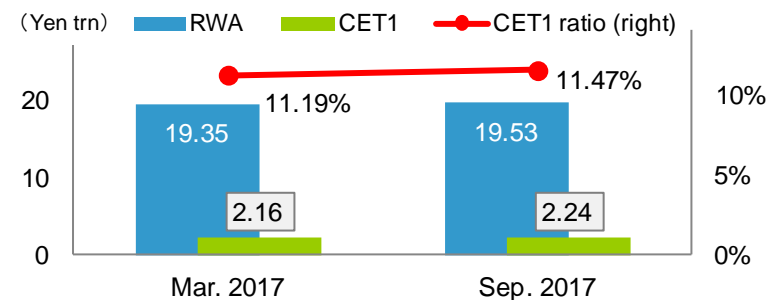
Summary of financial results for 1HFY2017

Changes in Net Income attributable to owners of the parent

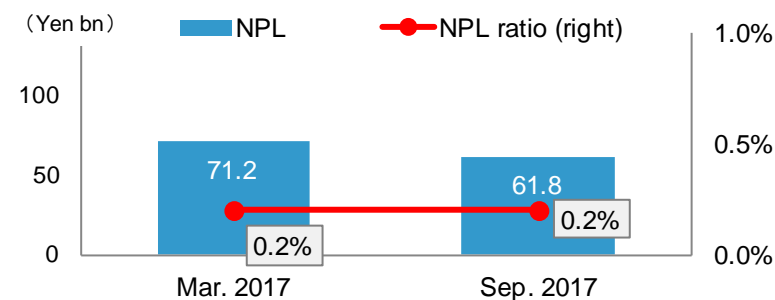


Status of the B/S

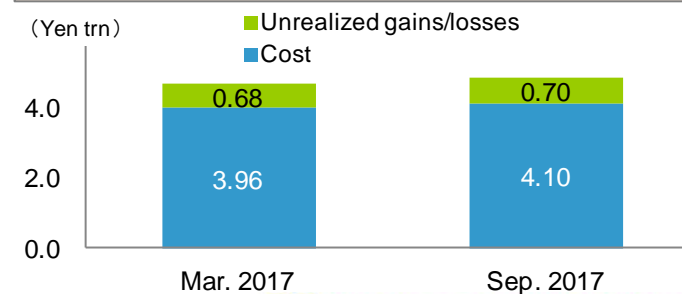
Common Equity Tier 1 capital ratio (Fully-loaded basis)



NPL ratio (Non-consolidated)

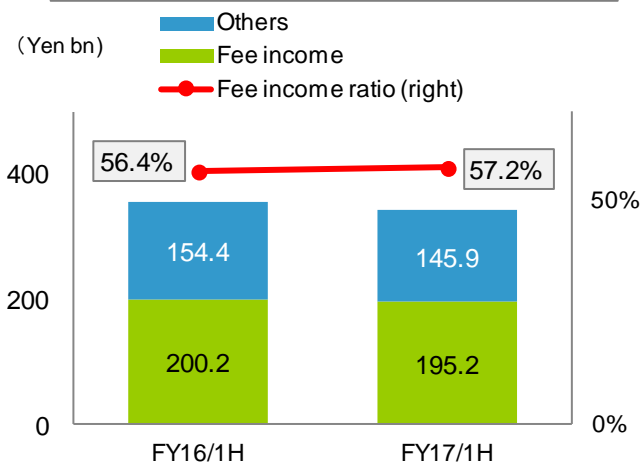


AFS Securities with fair value

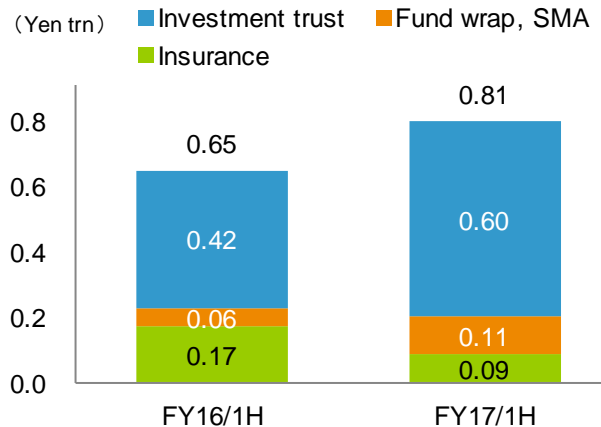


Summary of financial results for 1HFY2017: KPIs

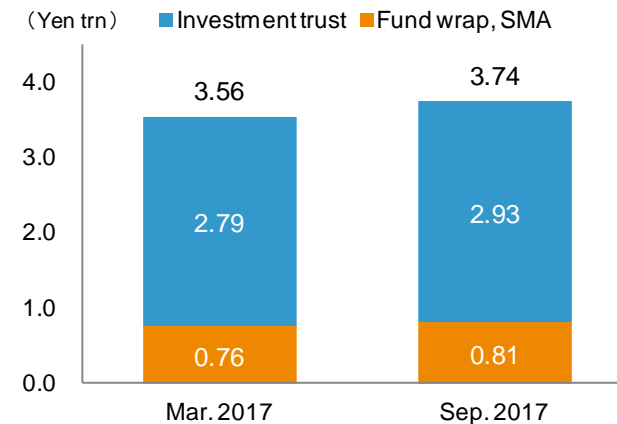
Fee income ratio



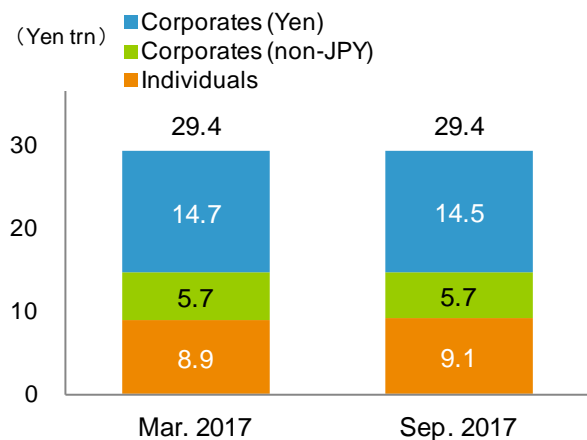
Investment trust and insurance sales



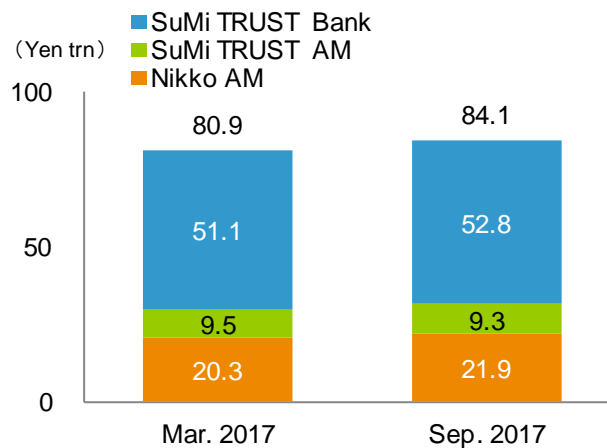
Balance of investment trust, etc (Managed as distributor)



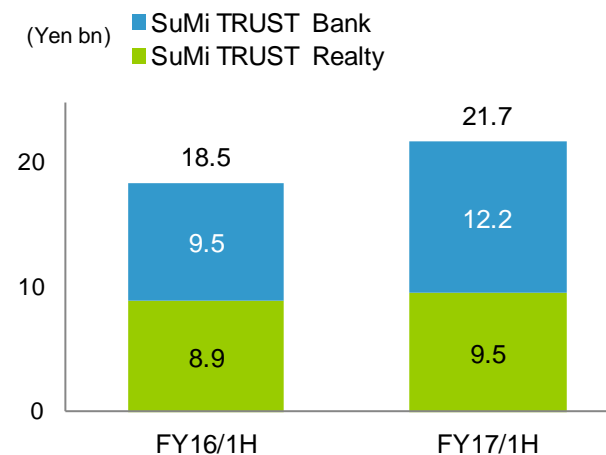
Credit portfolio



Assets under management (AUM)



Real estate brokerage fees



Overview of profits

	(Yen bn)	FY16 1H	FY17 1H	Change	FY17 Forecast
Net business profit before credit costs (*1)	1	146.1	126.6	(19.4)	260.0
Substantial gross business profit (*1)	2	354.6	341.2	(13.4)	685.0
Net interest income and related profit	3	105.4	102.7	(2.7)	
Net fees and commissions and related profit	4	200.2	195.2	(4.9)	
Other profit	5	48.9	43.2	(5.7)	
Substantial G&A expenses (*1)	6	(208.5)	(214.5)	(5.9)	(425.0)
Total credit costs	7	0.7	4.6	3.8	(20.0)
Net gains on stocks	8	9.9	9.1	(0.7)	
Other net non-recurring profit	9	(19.3)	(22.7)	(3.3)	
Ordinary profit	10	137.4	117.7	(19.7)	235.0
Extraordinary profit	11	(1.6)	2.4	4.0	
Income before income taxes	12	135.8	120.1	(15.7)	
Total income taxes	13	(41.4)	(37.9)	3.4	
Income attributable to non-controlling interests	14	(6.5)	(6.7)	(0.2)	
Net income	15	87.9	75.4	(12.4)	150.0
Return on shareholders' equity	16	8.79%	7.32%	(1.47%)	
Dividend per share (DPS) (Yen)	17	65	65	-	
Earnings per share (EPS) (Yen)	18	229	197	(32)	
Number of shares issued (mn shares) (*2)	19	383.0	381.9	(1.1)	

(*1) "Net business profit before credit costs", "Substantial gross business profit" and "Substantial G&A expenses" are based on managerial accounting, taking gross income and expenses from affiliates into consideration.

(*2) Average number of common shares outstanding (excluding treasury stocks) during the period.

Net business profit before credit costs

- Progress rate of 49% against full-year forecast
- While loans/investments business is mostly robust, fee business has some soft spots

Total credit costs

- Limited occurrence of new problem loans
- Net profit of ¥4.6bn, due to the reversal of losses resulting from improvement of borrower credit-classification

Net gains on stocks

- Strategic shareholdings reduced by ¥13.3bn

Other net non-recurring profit / Extraordinary profit

- Proceeds from divestiture of office building used to alleviate future cost burden related to IT
[Gain on sale +¥8.7bn, Full depreciation ¥(11.3)bn]

Net income

- 50% progress rate against full-year forecast, which is in excess of the initial plan

Overview of balance sheet

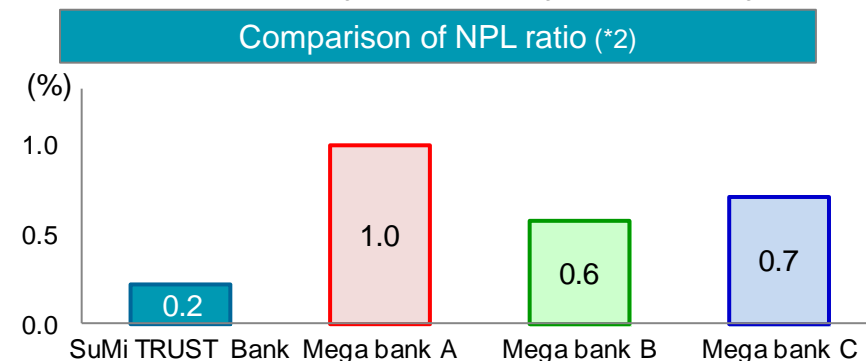
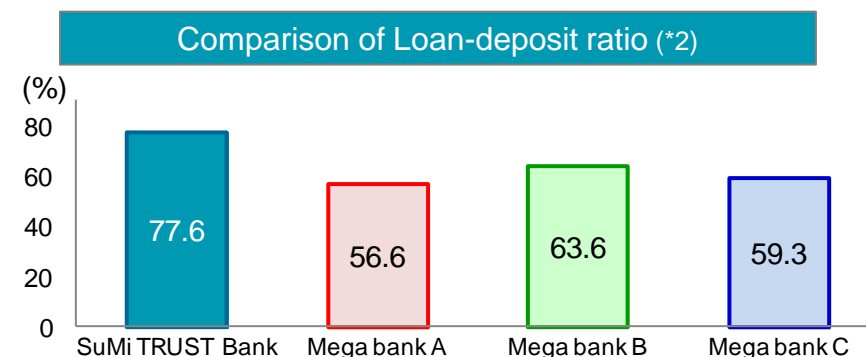
(Yen bn)		Mar. 2017	Sep. 2017	Change
Assets	1	65,453.7	65,529.6	75.8
Cash and due from banks	2	26,944.4	26,142.1	(802.3)
Securities	3	5,127.7	5,234.3	106.6
Loans and bills discounted	4	28,040.4	28,342.6	302.1
Other assets	5	5,341.0	5,810.4	469.3
Liabilities	6	62,662.0	62,753.8	91.7
Deposits and NCD	7	43,327.4	42,011.1	(1,316.2)
Borrowed money from trust account	8	10,274.1	8,750.0	(1,524.1)
Other liabilities	9	9,060.4	11,992.5	2,932.1
Total net assets	10	2,791.6	2,775.8	(15.8)
Total shareholders' equity	11	2,031.6	2,074.3	42.7
Total accumulated OCI	12	430.9	454.3	23.4
Minority interests, etc.	13	329.0	247.0	(81.9)

Net assets per share (BPS) (Yen)	14	6,437	6,645	207
Number of shares issued (mn shares) (*1)	15	382.5	380.5	(2.0)

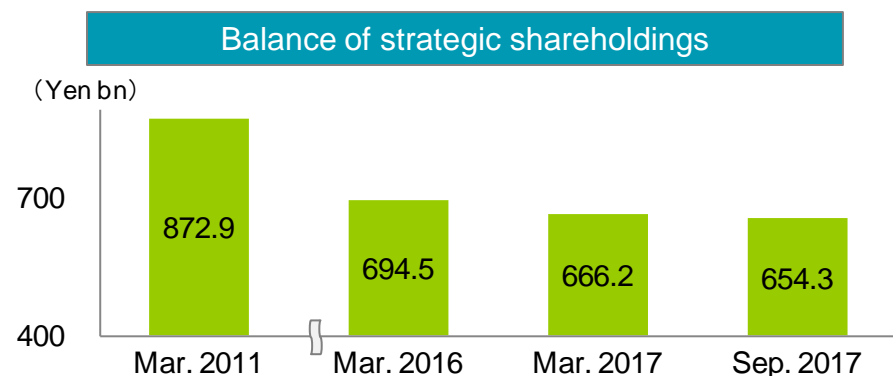
(Reference)

Loan-deposit ratio (SuMi TRUST Bank)	16	77.1%	77.6%	0.5%
NPL ratio (SuMi TRUST Bank)	17	0.2%	0.2%	(0.0%)

(*1) Number of common shares outstanding (excluding treasury stocks) as of the date above



(*2) As of Sep. 2017 Other Mega banks: Sum of subsidiaries



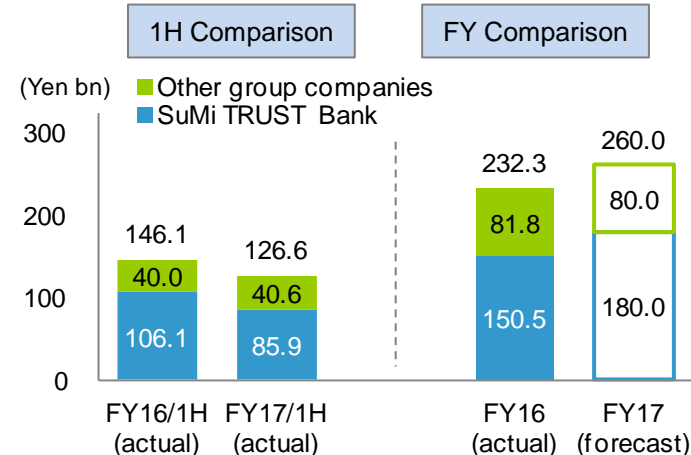
Profit by group company

	(Yen bn)	FY16 1H	FY17 1H	Change
Net business profit before credit costs (*1)	1	146.1	126.6	(19.4)
o/w SuMi TRUST Bank	2	106.1	85.9	(20.1)
SuMi TRUST AM	3	3.1	2.8	(0.2)
Nikko AM (*2)	4	4.5	5.2	0.7
SuMi TRUST Realty	5	2.1	2.6	0.4
SuMi TRUST Panasonic Finance (*2)	6	6.2	6.8	0.5
SuMi TRUST Loan & Finance	7	4.9	5.0	0.0
SBI Sumishin Net Bank (*2)	8	3.6	3.6	(0.0)
SuMi TRUST Guarantee (*2)	9	6.0	5.9	(0.0)
SuMi TRUST Club	10	3.5	2.7	(0.8)
Effect of purchase accounting method	11	(1.3)	(1.3)	(0.0)
Net income (*1)	12	87.9	75.4	(12.4)
o/w SuMi TRUST Bank	13	69.8	59.2	(10.6)
SuMi TRUST AM	14	2.1	1.9	(0.1)
Nikko AM (*2)	15	3.0	2.9	(0.0)
SuMi TRUST Realty	16	1.4	1.8	0.4
SuMi TRUST Panasonic Finance (*2)	17	3.1	2.6	(0.5)
SuMi TRUST Loan & Finance	18	3.3	3.4	0.0
SBI Sumishin Net Bank (*2)	19	2.3	2.3	(0.0)
SuMi TRUST Guarantee (*2)	20	3.8	4.1	0.3
SuMi TRUST Club	21	1.4	0.9	(0.4)
Effect of purchase accounting method	22	4.2	1.0	(3.1)

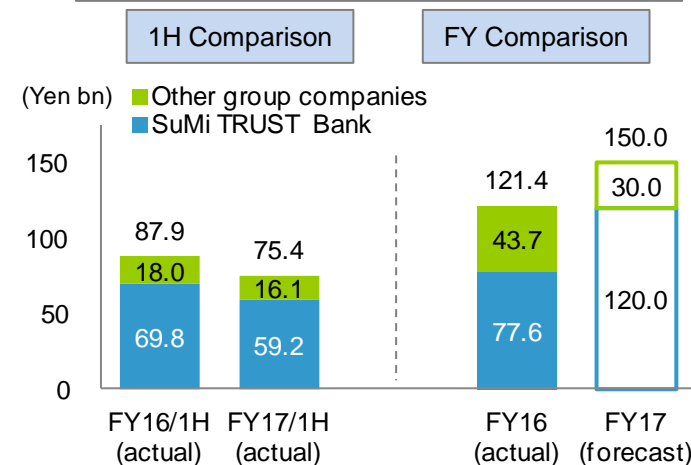
(*1) Figures on the table above are contribution of group companies, which are substantive amount excluding consolidation adjustment that do not relate directly to the group companies' business results.

(*2) Consolidated basis

Breakdown of Net business profit before credit cost



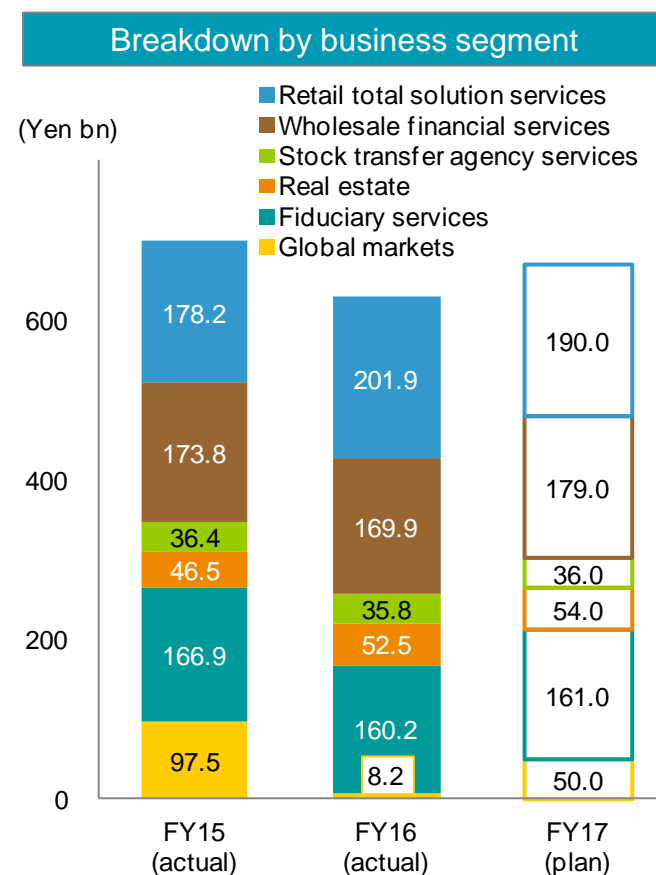
Breakdown of Net income



Profit by business segment

(Yen bn)		FY16 1H	FY17 1H	Change	FY17 Plan
Net business profit before credit costs	1	146.1	126.6	(19.4)	260.0
Substantial gross business profit	2	354.6	341.2	(13.4)	685.0
Retail total solution services	3	101.8	94.1	(7.6)	190.0
SuMi TRUST Bank	4	71.2	63.1	(8.0)	131.0
Other group companies	5	30.6	31.0	0.4	59.0
Wholesale financial services (*)	6	87.8	87.7	(0.1)	179.0
SuMi TRUST Bank	7	62.4	61.0	(1.3)	122.0
Other group companies	8	25.4	26.6	1.1	57.0
Stock transfer agency services	9	18.9	18.6	(0.3)	36.0
SuMi TRUST Bank	10	10.4	10.3	(0.1)	20.0
Other group companies	11	8.4	8.3	(0.1)	16.0
Real estate	12	23.0	25.6	2.5	54.0
SuMi TRUST Bank	13	12.9	15.1	2.1	33.0
Other group companies	14	10.0	10.5	0.4	21.0
Fiduciary services	15	78.1	81.3	3.2	161.0
SuMi TRUST Bank	16	29.8	30.0	0.1	61.0
Other group companies	17	48.2	51.2	3.0	100.0
Global markets	18	35.7	27.0	(8.7)	50.0
Substantial G&A Expenses	19	(208.5)	(214.5)	(5.9)	(425.0)
SuMi TRUST Bank	20	(115.4)	(118.9)	(3.5)	(235.0)
Other group companies	21	(93.1)	(95.5)	(2.4)	(190.0)

(*) Combined total of Wholesale total solution services and Wholesale asset management



【Notable increase / decrease】

- Retail total solution services: ¥(7.6)bn
Decreased mainly due to fall in insurance products sales, slightly behind plan
- Global markets: ¥(8.7)bn
Decreased as initial plan lowered earnings expected from US Treasuries investment, the plan progress rate was 54%

Overview of profit (SuMi TRUST Bank)

(Yen bn)		FY16 1H	FY17 1H	Change
Net business profit before credit costs	1	106.1	85.9	(20.1)
Gross business profit	2	221.5	204.9	(16.5)
Net interest income and related profit	3	90.3	88.6	(1.6)
Net fees and commissions and related profit	4	96.7	89.6	(7.1)
Net trading profit	5	6.3	3.9	(2.4)
Net other operating profit	6	28.0	22.7	(5.3)
o/w Net gains on foreign exchange transactions	7	14.2	17.6	3.3
Net gains on bonds	8	16.9	6.9	(10.0)
Net gains from derivatives (*1)	9	(3.6)	(1.8)	1.7
General and administrative expenses	10	(115.4)	(118.9)	(3.5)
Total credit costs	11	2.6	5.3	2.6
Other non-recurring profit	12	(7.5)	(2.9)	4.5
o/w Net gains on stocks	13	10.1	9.6	(0.5)
Amortization of net actuarial losses	14	(14.2)	(8.1)	6.1
Ordinary profit	15	101.2	88.3	(12.8)
Extraordinary profit	16	(2.4)	(6.2)	(3.7)
Income before income taxes	17	98.7	82.0	(16.6)
Total income taxes	18	(28.8)	(22.8)	6.0
Net income	19	69.8	59.2	(10.6)

(*1) Net gains from derivatives other than for trading or hedging

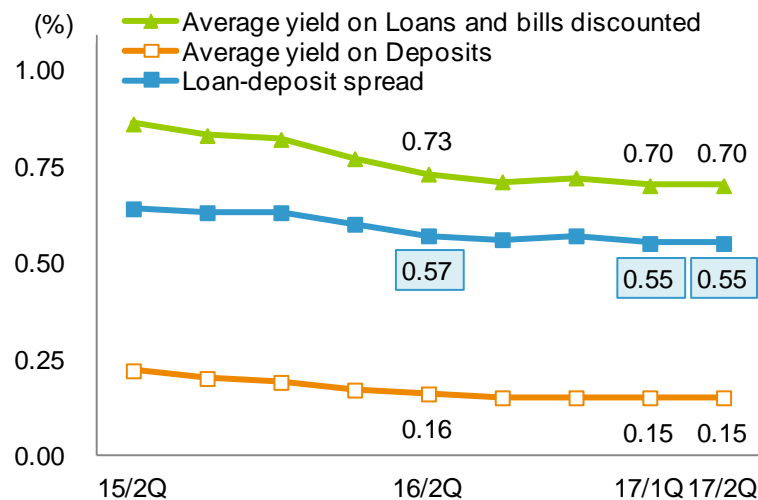
	FY16 1H	FY17 1H	Change
Net interest income and related profit	90.3	88.6	(1.6)
Net interest income	82.3	82.9	0.5
Domestic business	68.1	70.0	1.9
International business	14.2	12.9	(1.3)
Trust fees (*2)	7.9	5.6	(2.2)
(Ref.)			
o/w Profit attributable to deployment of surplus foreign currency funds	6.7	11.1	4.3
Effective interest related earnings	97.1	99.7	2.6
Net fees and commissions and related profit	96.7	89.6	(7.1)
o/w Investment trust and insurance sales	30.0	27.2	(2.8)
Asset management/administration	29.8	30.0	0.1
Real estate brokerage	9.5	12.2	2.6
Stock transfer agency services	10.4	10.3	(0.1)
Inheritance related services	5.2	2.5	(2.7)
Net gains on bonds	16.9	6.9	(10.0)
Domestic bonds	1.3	(0.1)	(1.5)
Foreign bonds	15.6	7.1	(8.5)

(*2) Trust fees from principal guaranteed trust a/c

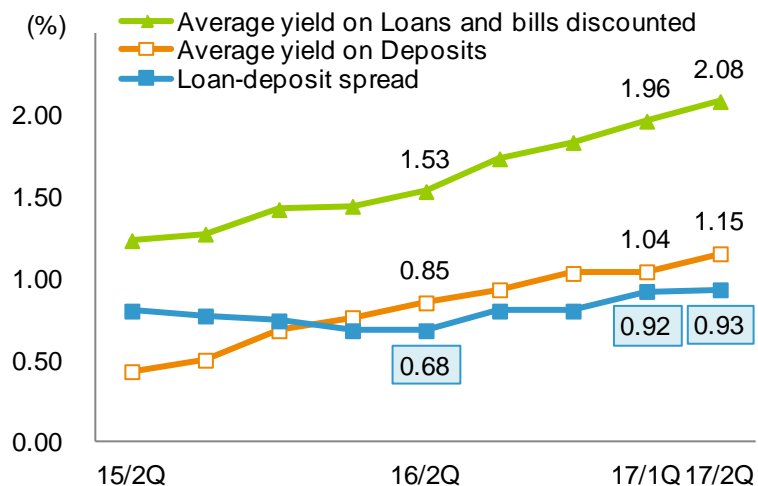
Net interest income (SuMi TRUST Bank)

	FY17/1H					
	Average Balance	Change from FY16/1H	Average Yield	Change from FY16/1H	Income/ Expenses	Change from FY16/1H
(Average balance: Yen trn) (Income/Expenses: Yen bn)						
Net interest income					82.9	0.5
Domestic business			0.40%	0.00%	70.0	1.9
Interest-earning assets	34.54	1.05	0.58%	(0.03%)	101.0	(1.6)
o/w Loans and bills discounted	21.01	1.39	0.70%	(0.05%)	74.0	0.0
Securities	3.03	(0.03)	1.45%	(0.02%)	22.2	(0.5)
Income on swaps	---	---	---	---	1.6	(0.6)
Interest-bearing liabilities	34.03	1.45	0.18%	(0.03%)	(31.0)	3.5
o/w Deposits	23.18	0.44	0.15%	(0.01%)	(17.9)	1.0
International business			0.21%	(0.05%)	12.9	(1.3)
Interest-earning assets	11.83	0.67	1.72%	0.46%	102.6	31.9
o/w Loans and bills discounted	7.03	0.18	2.02%	0.54%	71.3	20.2
Securities	1.80	0.10	2.10%	0.68%	19.0	6.9
Interest-bearing liabilities	11.79	0.62	1.51%	0.51%	(89.7)	(33.3)
o/w Deposits	5.00	1.04	1.10%	0.29%	(27.7)	(11.5)
NCD / USCP	4.28	0.51	1.07%	0.41%	(23.0)	(10.3)
Repo	1.23	0.27	1.09%	0.60%	(6.7)	(4.3)
Expenses on swaps	---	---	---	---	(18.7)	(3.1)
Loan-deposit spread / income			0.71%	0.03%	99.7	9.7
Domestic business			0.55%	(0.04%)	56.1	1.1
International business			0.92%	0.25%	43.6	8.6
(Ref.) Net interest income and related income					88.6	(1.6)
o/w Trust fees from principal guaranteed trust a/c					5.6	(2.2)

Domestic loan-deposit spread

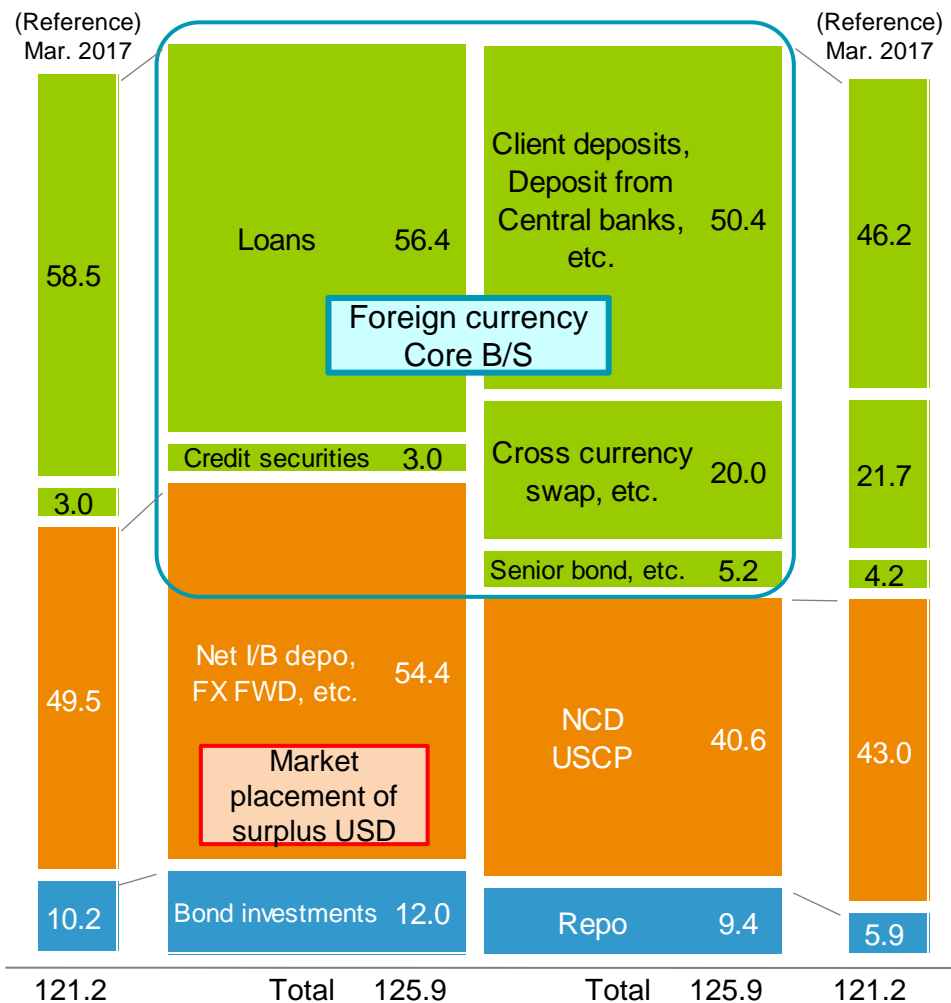


International loan-deposit spread



(Reference) Status of foreign currency balance sheet (SuMi TRUST Bank)

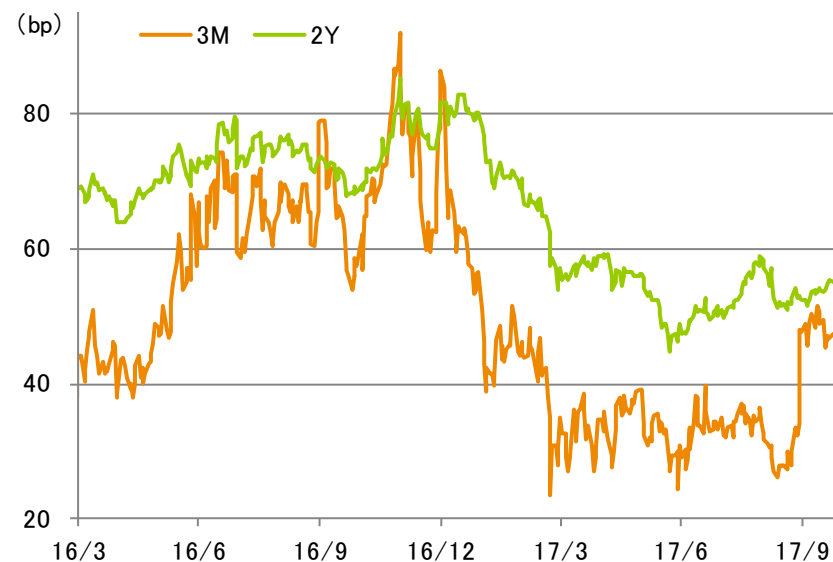
Foreign currency B/S (as of Sep. 2017) (USD bn)



Foreign currency ALM management

- ◆ Loans and credit securities constituting core foreign currency denominated assets, are funded by “sticky” client deposits and central bank deposits as well as “long term” yen swaps and senior bonds issuance.
- ◆ Short term funds sourced through NCD/USCP markets are categorized as contingent funding buffer for foreign currency B/S, and the funds are utilized in the inter-bank or foreign exchange market.

Basis swap spread (CCS) (USD/JPY)



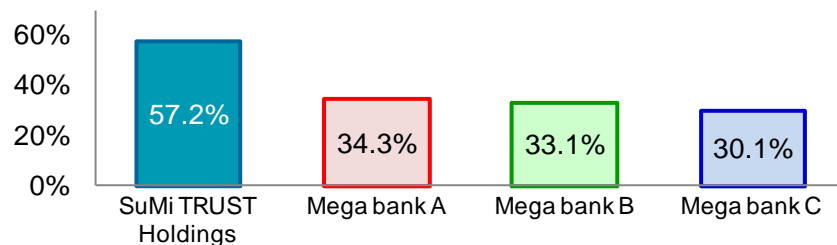
Net fees and commissions and related profit

	SuMi TRUST Bank		SuMi TRUST Group (*1)	
	FY17 1H	Change from FY16/1H	FY17 1H	Change from FY16/1H
(Yen bn)				
Net fees and commissions and related profit	89.6	(7.1)	195.2	(4.9)
Investment trust and insurance sales	27.2	(2.8)	27.2	(2.8)
Card	-	-	21.7	1.0
Asset management / administration	30.0	0.1	84.5	3.0
Profit	45.4	0.7	89.6	3.2
Fees paid out for outsourcing	(15.3)	(0.5)	(5.1)	(0.2)
Stock transfer agency services	10.3	(0.1)	18.5	(0.3)
Profit	15.6	(0.1)	18.5	(0.3)
Fees paid out for outsourcing	(5.3)	-	-	-
Real estate	15.1	2.4	25.6	2.7
Others (Loan arrangement fees, etc.)	6.9	(6.7)	17.5	(8.5)
Fee income ratio (*2)	43.7%	0.1%	57.2%	0.8%

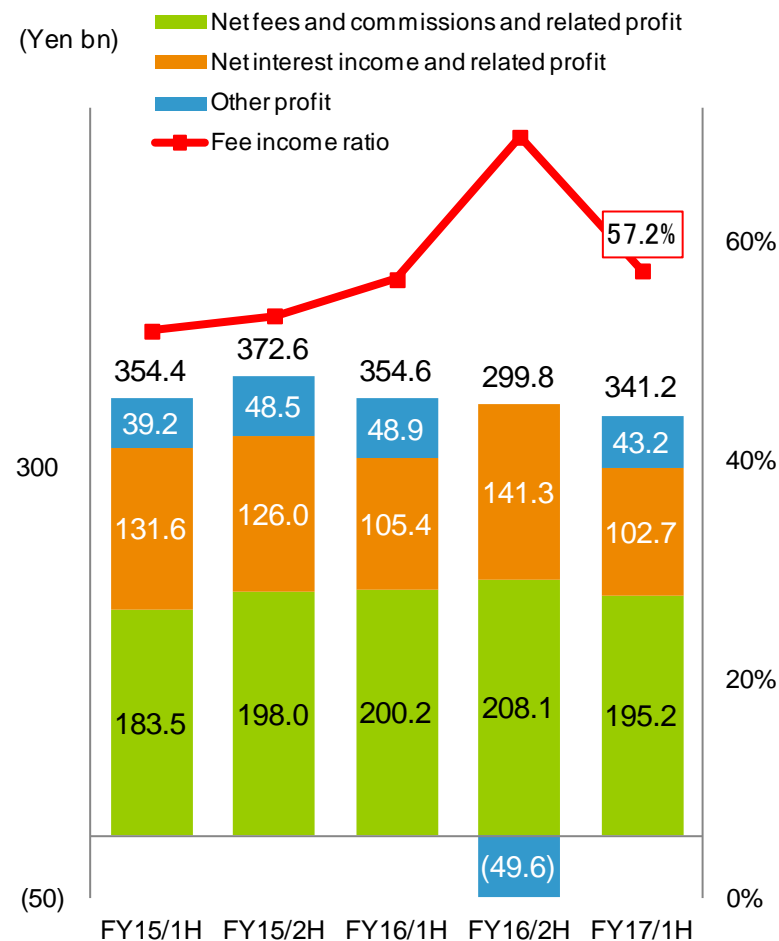
(*1) Figures are after eliminations of intra-group transactions

(*2) Net fees and commissions and related profit / Gross business profit

Comparison of fee income ratio between major banks



Fee income ratio



G&A expenses

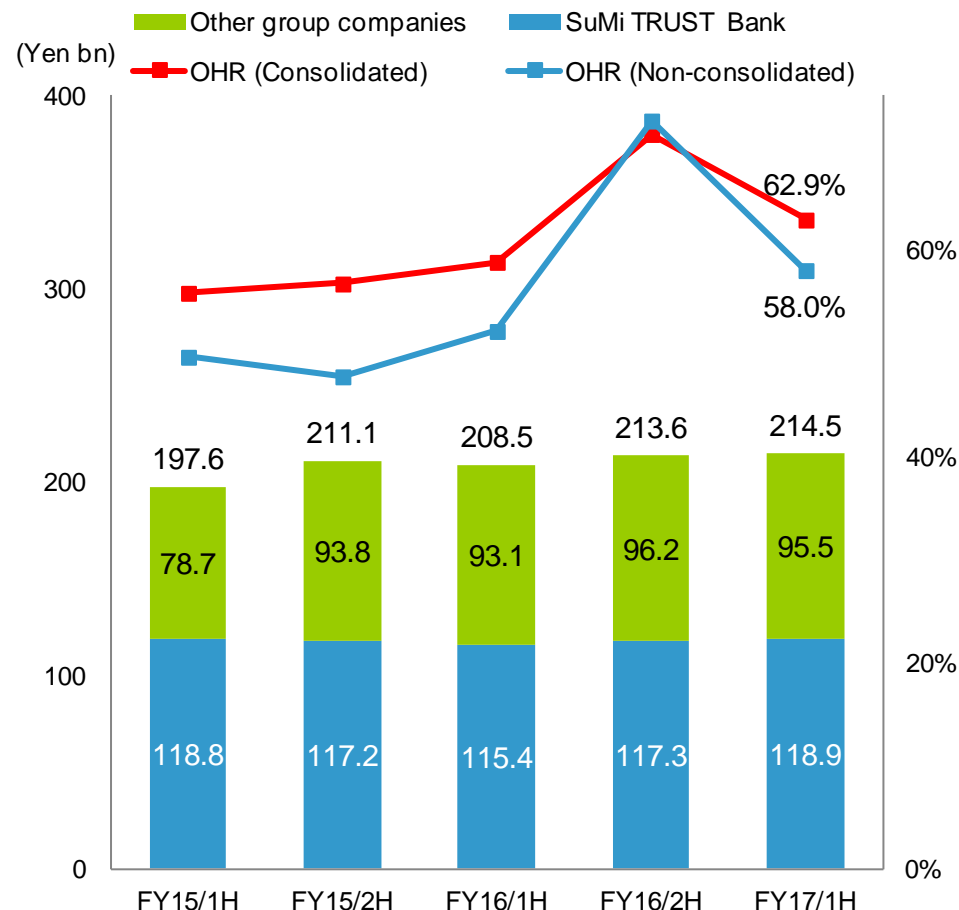
[SuMi TRUST Group]

(Yen bn)	FY16 1H	FY17 1H	Change from FY16/1H
Personnel expenses	(96.2)	(99.7)	(3.4)
Non-personnel expenses excluding taxes	(103.0)	(106.3)	(3.3)
Taxes other than income taxes	(9.2)	(8.4)	0.7
Substantial G&A expenses	(208.5)	(214.5)	(5.9)
Overhead ratio	58.8%	62.9%	4.1%


[SuMi TRUST Bank]

(Yen bn)	FY16 1H	FY17 1H	Change from FY16/1H
Personnel expenses	(52.4)	(54.8)	(2.4)
Salaries etc.	(50.1)	(51.3)	(1.2)
Retirement benefit expenses	6.0	5.0	(0.9)
Others	(8.2)	(8.5)	(0.2)
Non-personnel expenses excluding taxes	(55.9)	(57.8)	(1.9)
IT system related costs	(17.0)	(19.1)	(2.1)
Others	(38.9)	(38.6)	0.2
Taxes other than income taxes	(7.1)	(6.3)	0.7
G&A expenses	(115.4)	(118.9)	(3.5)
Overhead ratio	52.1%	58.0%	5.9%

Breakdown of G&A expenses



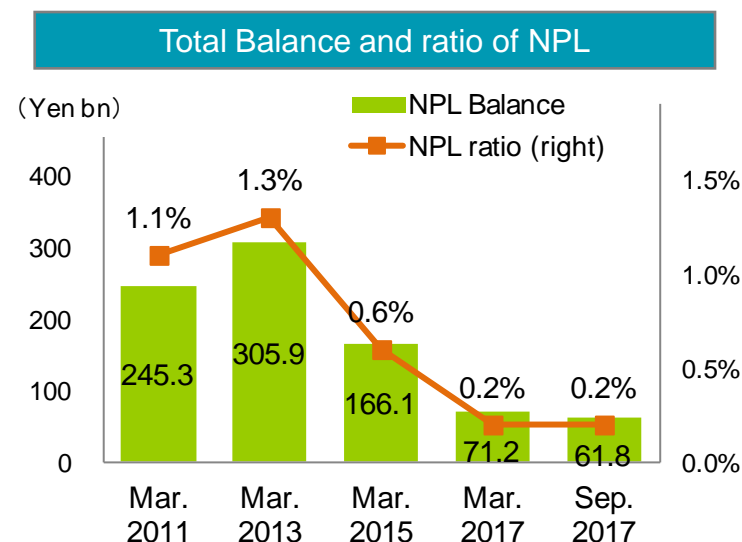
Total credit costs and problem assets

[Total credit costs] (Yen bn)	FY16			FY17 1H	Major factors (1HFY17)
		1H	2H		
SuMi TRUSTBank	(24.9)	2.6	(27.6)	5.3	<div>  Downgraded: Approx. (1.5) Upgraded: Approx. +4.0 Decrease in loan balance, etc. (including recoveries): Approx. +2.5 </div>
General allowance for loan losses	(27.9)	0.3	(28.2)	6.1	
Specific allowance for loan losses	1.9	1.4	0.4	0.1	
Recoveries of written-off claims	1.7	1.2	0.5	0.2	
Losses on sales of claims, written-off	(0.6)	(0.3)	(0.2)	(1.2)	
Other group companies, etc.	(3.5)	(1.8)	(1.7)	(0.7)	SuMi TRUST Club (0.8)
Total	(28.5)	0.7	(29.3)	4.6	

[NPL (SuMi TRUST Bank)] (Yen bn)	Sep. 2017				Change from Mar. 2017
		Coverage ratio (*1)	Allowance ratio (*2)		
NPL	61.8	97.6%	80.1%		(9.4)
NPL ratio (ratio to Total loan balance)	0.2%	---	---		(0.0%)
Bankrupt and practically bankrupt	13.2	100.0%	100.0%		5.3
Doubtful	27.9	96.5%	70.9%		(7.5)
Substandard	20.7	97.5%	43.5%		(7.1)
Other special mention debtors	448.0	---	---		(107.6)
Ordinary assets	28,278.8	---	---		170.4
Total loan balance	28,788.6	---	---		53.4

(*1) (Collateral value + allowance for loan losses) / Loan balance

(*2) Allowance for loan losses / (Loan balance - Collateral value after considering haircuts)



Securities portfolio

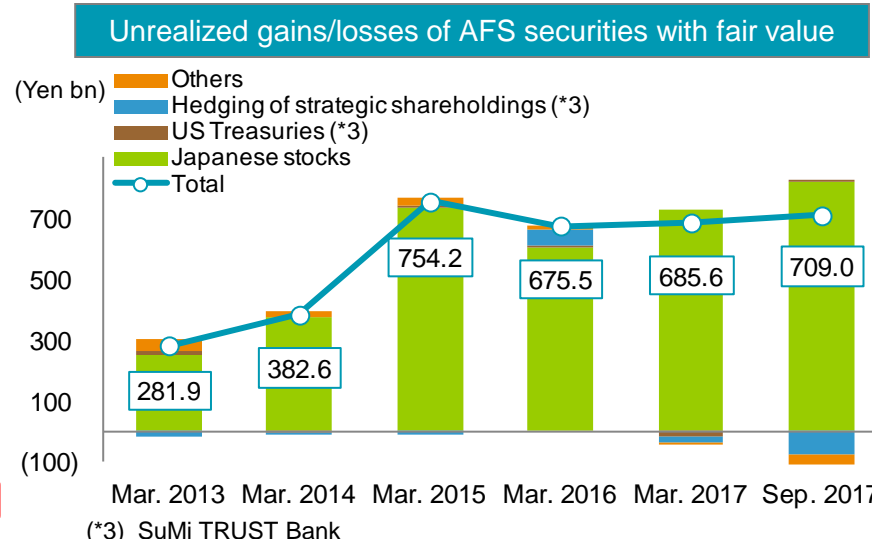
[Securities with fair value (SuMi TRUST Group)] (Yen bn)	Costs		Unrealized gains/losses	
	Sep. 2017	Change from Mar. 2017	Sep. 2017	Change from Mar. 2017
Available-for-sale securities	4,103.7	134.4	709.0	23.4
Japanese stocks	654.3	(11.9)	817.6	87.1
Japanese bonds	874.5	28.7	2.8	1.0
Others	2,574.8	117.6	(111.4)	(64.8)
Held-to-maturity debt securities	286.5	(58.2)	22.6	(4.2)

[Securities with fair value (SuMi TRUST Bank)]				
Available-for-sale securities	4,073.5	152.2	725.7	21.6
Japanese stocks	628.1	(11.5)	840.8	86.6
Japanese bonds	914.8	35.2	1.4	1.1
o/w Government bonds	218.1	47.7	0.0	0.1
Others	2,530.5	128.5	(116.5)	(66.1)
Domestic investment (*1)	89.1	(4.6)	1.9	0.0
International investment (*1)	1,379.6	49.7	(11.0)	4.8
o/w US Treasury	752.9	(29.1)	(14.2)	3.0
Others (Investment trust, etc.) (*2)	1,061.7	83.4	(107.4)	(70.9)
o/w for hedging of strategic shareholdings	724.0	(4.0)	(79.9)	(59.7)

(*1) "Domestic investment" and "International investment" are basically categorized by countries where final exposure exists

(*2) "Investment trust" and investment securities uncategorizable into "Domestic investment" or "International investment"

Held-to-maturity debt securities	208.9	(54.4)	22.6	(4.2)
o/w Government bonds	123.2	(16.6)	19.8	(0.1)
International investment (*1)	45.9	(36.0)	2.2	(4.3)



Reduction of strategic shareholdings (*4)				
(Yen bn)			FY16	FY17
	1H	2H		1H
Reduction amount	5.1	27.0	32.2	13.3

(Ref.) Cumulative reduction since merger (from FY2011 to FY2016): ¥246.3bn

(*4) Purchase cost of listed shares

Securities portfolio of Global markets (*5)				
(Yen bn)	10BPV (*6)		Duration (years) (*6)	
	Sep. 2017	Change from Mar. 2017	Sep. 2017	Change from Mar. 2017
JPY	1.9	(0.0)	5.4	(0.5)
Others	7.1	(0.6)	7.3	(0.6)

(*5) Managerial reporting basis; "HTM debt securities" and "AFS securities" are combined

(*6) In the calculation of 10BPV and duration, investment balance hedged by derivatives transactions, etc. were excluded

- ▶ Common Equity Tier 1 capital ratio: UP 0.25 percentage points from Mar. 2017 to 11.29%, due primarily to accumulation of retained earnings. Common Equity Tier 1 capital ratio (Fully-loaded basis, pro forma): UP 0.28 percentage points from Mar. 2017 to 11.47%
- ▶ Leverage ratio and liquidity coverage ratio improved from Mar. 2017 and have maintained levels well in excess of regulatory requirements, even though they have been negatively impacted by inflow of short term funds from the trust account to the banking account

<Capital and total risk-weighted assets>

(Yen bn)	Mar. 2017 Actual	Sep. 2017 Preliminary	Change
Total capital ratio	16.42%	16.76%	0.34%
Tier 1 capital ratio	13.54%	13.73%	0.19%
Common Equity Tier 1 capital ratio	11.04%	11.29%	0.25%
Total capital	3,185.8	3,280.5	94.6
Tier 1 capital	2,625.7	2,688.8	63.1
Common Equity Tier 1 capital	2,141.8	2,210.9	69.0
Instruments and reserves	2,360.8	2,422.5	61.6
Regulatory adjustments	(218.9)	(211.5)	7.4
Additional Tier 1 capital	483.8	477.9	(5.9)
Tier 2 capital	560.1	591.6	31.4
Total risk-weighted assets	19,391.9	19,570.8	178.9
Credit risk	17,855.8	17,840.2	(15.5)
Market risk	551.4	741.2	189.7
Operational risk	984.6	989.4	4.7

< Reference > Fully-loaded basis (pro-forma)

Common Equity Tier 1 capital ratio	11.19%	11.47%	0.28%
Common Equity Tier 1 capital	2,166.5	2,242.3	75.8
Accumulated other comprehensive income (*1)	430.9	454.3	23.4
Total risk-weighted assets	19,352.6	19,537.6	185.0

Fully-loaded basis: Pro-forma figures based on regulatory definition to be applied as of Mar. 2019.

(*1) Valuation differences on Available-for-Sale Securities(Sep. 2017): ¥495.6bn

< Major factors of change in capital>

(1) Common Equity Tier 1 capital: +¥69.0bn

- Net income: +¥75.4bn
- Dividends and repurchase of own shares: ¥(32.8)bn
- Accumulated other comprehensive income: +¥18.7bn

(2) Tier 2 capital: +¥31.4bn

- Subordinated debts: +¥22.6bn
- (Issuance ¥40.0bn, redemption etc. ¥(17.3)bn)

<Other ratios required in prudential regulations>

(Yen bn)	Sep. 2017 Preliminary	Chng. from Mar. 2017
Leverage ratio	3.93%	0.06%
SuMi TRUST Bank (Consolidated) (*2)	4.43%	(0.02%)
Tier 1 capital	2,688.8	63.1
Total exposure	68,339.4	496.0
Liquidity coverage ratio (*3)	143.8%	7.1%
SuMi TRUST Bank (Consolidated) (*2)	203.3%	14.1%
Total high-quality liquid assets	25,662.5	1,683.5
Net cash outflows	17,845.1	309.3

(*2) Excluding impact of funds inflow into the banking account from trust account at JTBS

(*3) Average of month end figures in 2QFY17. "Change from Mar. 2017" represents the comparison to figure for 4QFY2016 calculated in the same manner

Fee business: Investment management consulting for retail clients

- Sales of insurance decreased, but total sales volume increased ¥162.1bn to ¥818.7bn due to recovery of client investment appetite.
- Income decreased ¥2.8bn YoY to ¥27.2bn, due to decrease in sales fees of insurance though sales fees of investment trust increased YoY.

Income for distributor of investment products

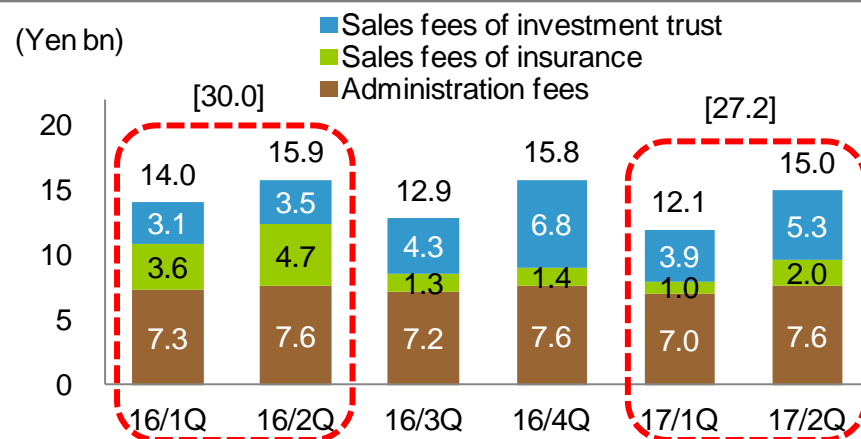
	FY16	FY17	
(Yen bn)	1H	1H	Change
Income total	30.0	27.2	(2.8)
Sales fees of investment trust	6.6	9.2	2.6
Sales fees of insurance	8.3	3.1	(5.1)
Administration fees	14.9	14.7	(0.2)

Sales volume / balance

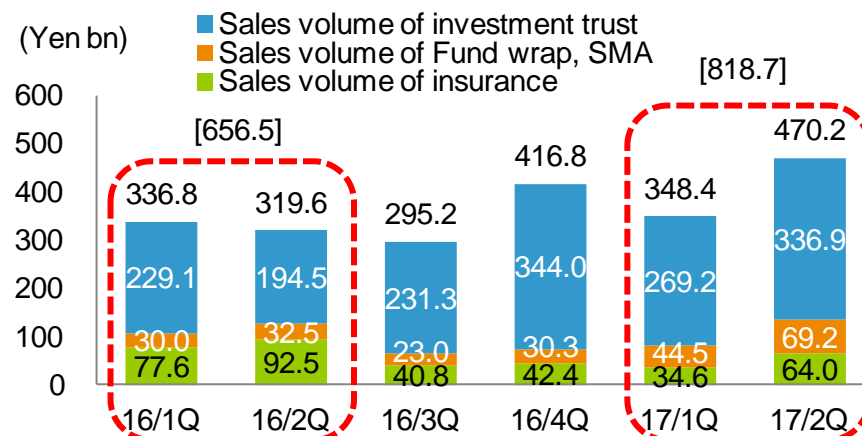
	FY16	FY17	
(Yen bn)	1H	1H	Change
Sales volume total	656.5	818.7	162.1
Investment trust	423.7	606.2	182.4
Fund wrap, SMA	62.6	113.7	51.1
Insurance	170.2	98.7	(71.4)

	Mar. 2017	Sep. 2017	
(Yen bn)			Change
Balance total	5,988.2	6,228.2	240.0
Investment trust	2,796.6	2,933.5	136.9
Fund wrap, SMA	765.5	815.6	50.1
Insurance	2,426.0	2,478.9	52.9
Wrap Selection	1,599.8	1,702.2	102.4

Income for distributor (quarterly)



Sales volume (quarterly)

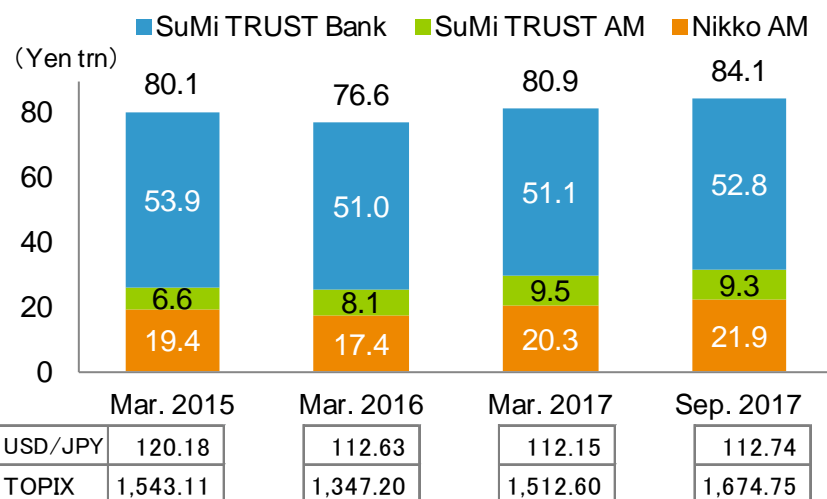


Fee business: Asset management/administration (Fiduciary services)

- ▶ AUM: Corporate pension trust decreased due to dissolution of company employees' pension plans, but overall AUM increased by ¥3.1trn from Mar. 2017 to ¥84.1trn, mainly due to increase in market value.
- ▶ AUC: Both domestic and overseas AUC increased from Mar. 2017

Assets under management (AUM)

	Mar. 2017	Sep. 2017	Change
(Yen trn)			
Assets under management	80.9	84.1	3.1
SuMi TRUST Bank	51.1	52.8	1.6
Corporate pension trust	15.0	13.8	(1.1)
Public pension trust	10.7	11.6	0.9
Discretionary investment	25.4	27.3	1.9
Subsidiaries	29.8	31.3	1.4
SuMi TRUST AM	9.5	9.3	(0.1)
Nikko AM	20.3	21.9	1.5

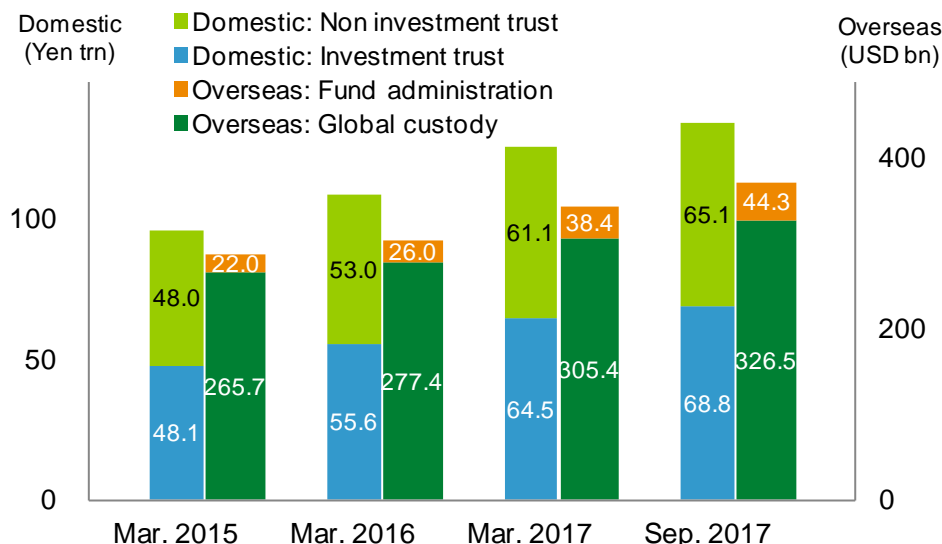


Assets under custody/administration

	Mar. 2017	Sep. 2017	Change
(Yen trn)			
[Domestic]			
Investment trust (*1)	64.5	68.8	4.3
Non investment trust (*1)	61.1	65.1	3.9
(USD bn)			
[Overseas]			
Global custody (*2)	305.4	326.5	21.1
Fund administration	38.4	44.3	5.9

(*1) Entrusted balance of SuMi TRUST Bank

(*2) Combined figures of SuMi TRUST Bank (U.S.A.), SuMi TRUST (UK) and SuMi TRUST Bank (Lux.)



Fee business: Real estate

- ▶ Real estate brokerage fees from corporate clients (SuMi TRUST Bank): UP ¥2.6bn YoY to ¥12.2bn due to contribution from large-size transactions
- ▶ Real estate brokerage fees from retail clients (SuMi TRUST Realty): UP ¥0.6bn YoY to ¥9.5bn with continuing good performance

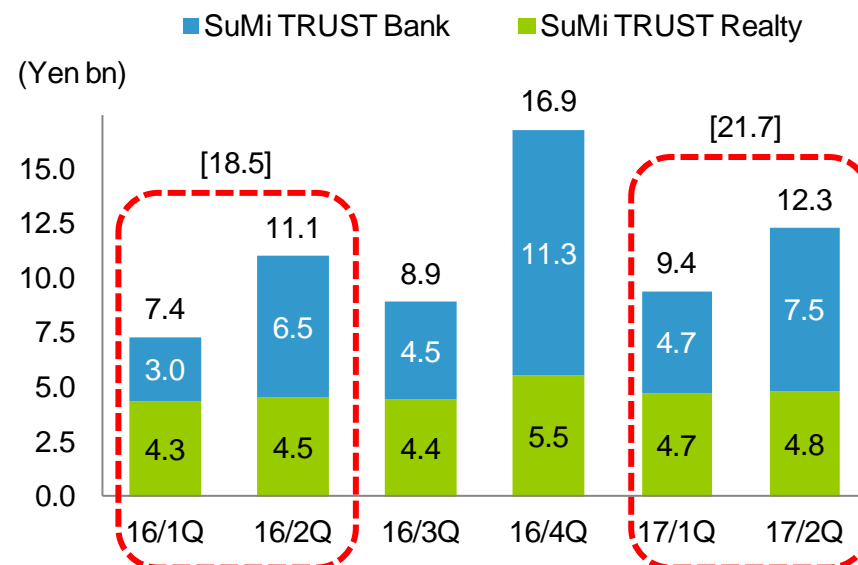
Income

(Yen bn)	FY16 1H	FY17 1H	Change
Real estate brokerage fees	18.5	21.7	3.2
SuMi TRUST Bank	9.5	12.2	2.6
SuMi TRUST Realty	8.9	9.5	0.6
Real estate trust fees, etc.	3.1	2.9	(0.2)
Net other real estate profit	1.4	0.9	(0.4)
SuMi TRUST Bank	0.3	(0.0)	(0.3)
Group companies	1.1	0.9	(0.1)
Total	23.0	25.6	2.5
o/w SuMi TRUST Bank	12.9	15.1	2.1

Assets under management / administration

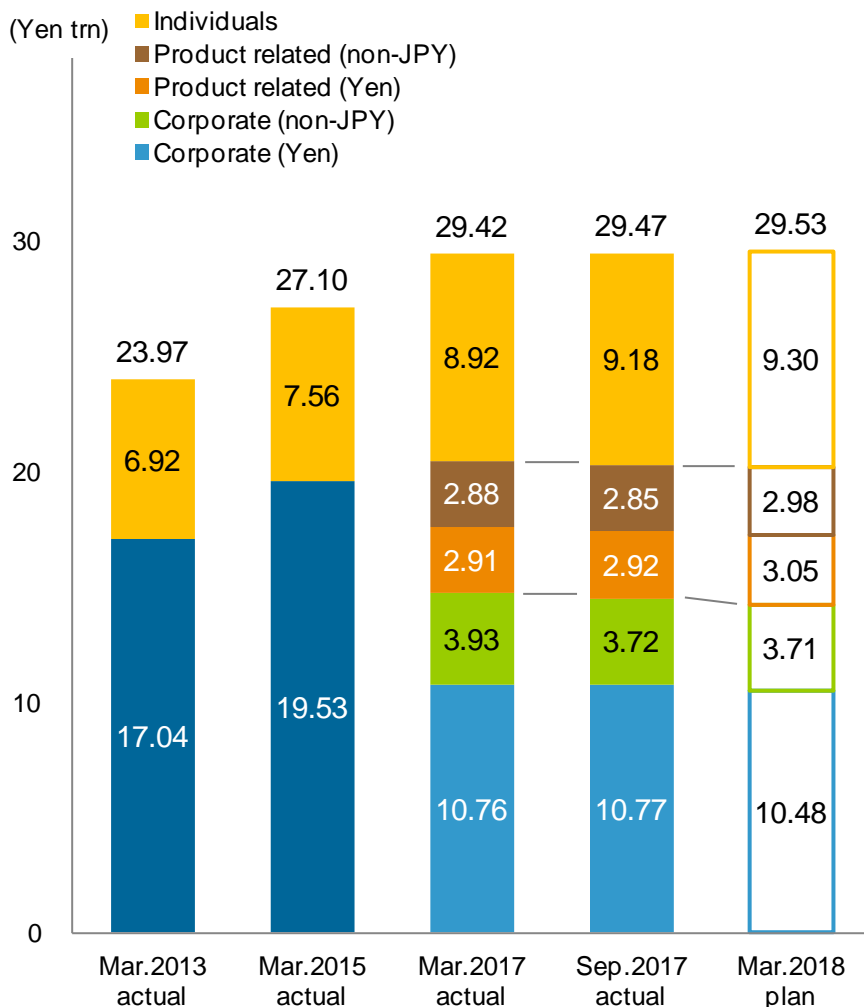
(Yen bn)	Mar. 2017	Sep. 2017	Change
Securitized real estate	14,142.8	14,776.9	634.1
Assets under custody from J-REITs	12,431.0	12,909.9	478.8
Assets under managemet	650.6	695.4	44.8
Private placement funds	412.3	429.0	16.6
J-REITs	238.2	266.4	28.1

Real estate brokerage fees (quarterly)



Loan/investment business: Credit portfolio (SuMi TRUST Bank)

- ▶ Credit portfolio balance of ¥29.4 trn, almost the same level as the end of March 2017
- ▶ Residential mortgage increased, while balance of credit to corporates decreased due to cautious management of foreign currency assets growth



Advanced amount and balance to individuals

	FY16		FY17	Change
	1H		1H	
Advanced amount of loans to individuals	905.1		617.4	(287.6)
o/w Residential mortgage loans	844.2		562.3	(281.8)

	Mar. 2017		Sep. 2017	Change
Balance of loans to individuals	8,926.9		9,185.0	258.0
o/w Residential mortgage loans	8,378.6		8,619.3	240.7

Balance of credit to corporates

	Mar. 2017		Sep. 2017	Change
Corporate (Yen)	10,768.0		10,778.3	10.2
Corporate (non-JPY)	3,932.6		3,727.4	(205.1)
Product related (Yen)	2,913.1		2,924.5	11.4
Product related (non-JPY)	2,882.4		2,856.9	(25.4)
Total balance of credit to corporates	20,496.2		20,287.3	(208.9)
o/w Product related	5,795.5		5,781.5	(14.0)
USD/JPY	112.15		112.74	0.59

Forecast for FY2017

Forecast for FY2017

- ▶ Both net business profit and net income attributable to the owners of the parent are unchanged from the initial forecast.
- ▶ Dividend on ordinary share of 130 yen per share in line with the policy of consolidated dividend payout ratio of 30% unchanged from the initial forecast.

(Dividend payout ratio declined by 0.2% to 33.0%, due to the impact of repurchase of own shares in the first half)

	FY2016		FY2017		
(Yen bn)	Actual	1H Actual	Forecast	Change from FY2016	Change from initial forecast
Net business profit before credit costs	232.3	126.6	260.0	27.6	-
SuMi TRUST Bank	150.5	85.9	180.0	29.4	-
Gross business profit	383.3	204.9	415.0	31.6	-
o/w Retail total solution services	140.2	63.1	131.0	(9.2)	(3.0) (1)
Wholesale financial services (*)	118.5	61.0	122.0	3.4	3.0 (2)
Stock transfer agency services	19.6	10.3	20.0	0.3	-
Real estate	32.0	15.1	33.0	0.9	-
Fiduciary services	61.2	30.0	61.0	(0.2)	-
Global markets	8.2	27.0	50.0	41.7	- (3)
G&A expenses	(232.7)	(118.9)	(235.0)	(2.2)	-
Other group companies, etc.	81.8	40.6	80.0	(1.8)	-
Total credit costs	(28.5)	4.6	(5.0)	23.5	15.0
SuMi TRUST Bank	(24.9)	5.3	(5.0)	19.9	15.0 (4)
Other group companies, etc.	(3.5)	(0.7)	-	3.5	-
Other non-recurring profit	(7.4)	(13.5)	(20.0)	(12.5)	(15.0) (5)
Ordinary profit	196.3	117.7	235.0	38.6	-
o/w SuMi TRUST Bank	117.3	88.3	170.0	52.6	-
Net income attributable to owners of the parent	121.4	75.4	150.0	28.5	-
o/w SuMi TRUST Bank	77.6	59.2	120.0	42.3	(5.0) (6)
Dividend per common share (Yen)	130	65	130	±0	-
Consolidated dividend payout ratio	40.9%	---	33.0%	(7.9%)	(0.2%)

(*) Combined total of Wholesale total solution services and Wholesale asset management

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【Assumptions】

- (1) Retail total solution services: ¥(9.2)bn YoY
 - Assumes a decline in investment management consulting-related revenues centered on insurance sales fees and inheritance related commissions
- (2) Wholesale financial services: +¥3.4bn YoY
 - Assumes improvement of gross interest margin by asset realignment
- (3) Global markets: +¥41.7bn YoY
 - Non-recurrence of losses pertaining to US Treasuries investment that occurred in the previous fiscal year
 - While lowering expected revenue from US Treasuries investment, assumes robust client related business
- (4) Total credit costs: forecast for FY17 ¥(5.0)bn
 - Estimated to be around 7bp of total credit portfolio of ¥30trn (2HFY17)
- (5) Other non-recurring profit: forecast for FY17 ¥(20.0)bn
 - Assuming net gains on stocks of ¥20.0bn

【Deviation from initial forecast】

- (4) Total credit costs: +¥15.0bn
 - 1HFY17 difference between forecast and actual [expected ¥(10.0)bn vs actual +¥5.3bn]
- (5) Other non-recurring profit: ¥(15.0)bn
 - Reassessment of net gains on stocks
 - Loss due to alleviation of future cost related to IT in 1HFY17 taken into consideration
- (6) Net income: ¥(5.0)bn
 - Loss due to alleviation of future cost related to IT in 1HFY17 taken into consideration

(Ref.) Medium term profit target and KPIs (Initially published in May 2017)

Medium term profit target

< P/L >	FY2016			FY2017		FY2019	
	(Yen bn)	Actual	Plan	Change		Plan	Change from FY2017
Net business profit before credit costs		232.3	260.0	27.6		300.0	40.0
Gross business profit before credit costs		654.5	685.0	30.4		730.0	45.0
Non-consolidated		383.3	415.0	31.6		442.0	27.0
Consolidation difference		271.2	270.0	(1.2)		288.0	18.0
Substantial G&A expenses		(422.2)	(425.0)	(2.7)		(430.0)	(5.0)
Non-consolidated		(232.7)	(235.0)	(2.2)		(232.0)	3.0
Consolidation difference		(189.4)	(190.0)	(0.5)		(198.0)	(8.0)
Total credit costs		(28.5)	(20.0)	8.5		(20.0)	-
Other net non-recurring profit		(7.4)	(5.0)	2.4		(5.0)	-
Ordinary profit		196.3	235.0	38.6		275.0	40.0
Non-consolidated		117.3	170.0	52.6		200.0	30.0
Net income attributable to owners of the parent		121.4	150.0	28.5		180.0	30.0
Non-consolidated		77.6	125.0	47.3		140.0	15.0
< Major indicators >		FY2016				FY2019	
Fee income ratio□		62.3%				55-60%	
Overhead ratio□		64.5%				55-60%	
Return on shareholders' equity□		6.07%				Approx. 8%	
Common Equity Tier 1 capital ratio		11.19%				Approx. 10%	
< Assumptions of the market >		Mar. 2017	Mar. 2018			Mar. 2020	
3M Tibor		0.06%	0.06%			0.06%	
10 year JGB		0.07%	0.05%			0.40%	
Nikkei 225 (yen)		18,909	19,000			19,000	
USD/JPY		112	115			118	

Major KPIs

Fee income ratio

To be raised to approx. 60%

Overhead Ratio

To be reduced to Mid 50% level

Common Equity Tier 1 Ratio

Maintain approx. 10% comfortably

Shareholder ROE

8% or more
[With a view to achieving 10% in the future]

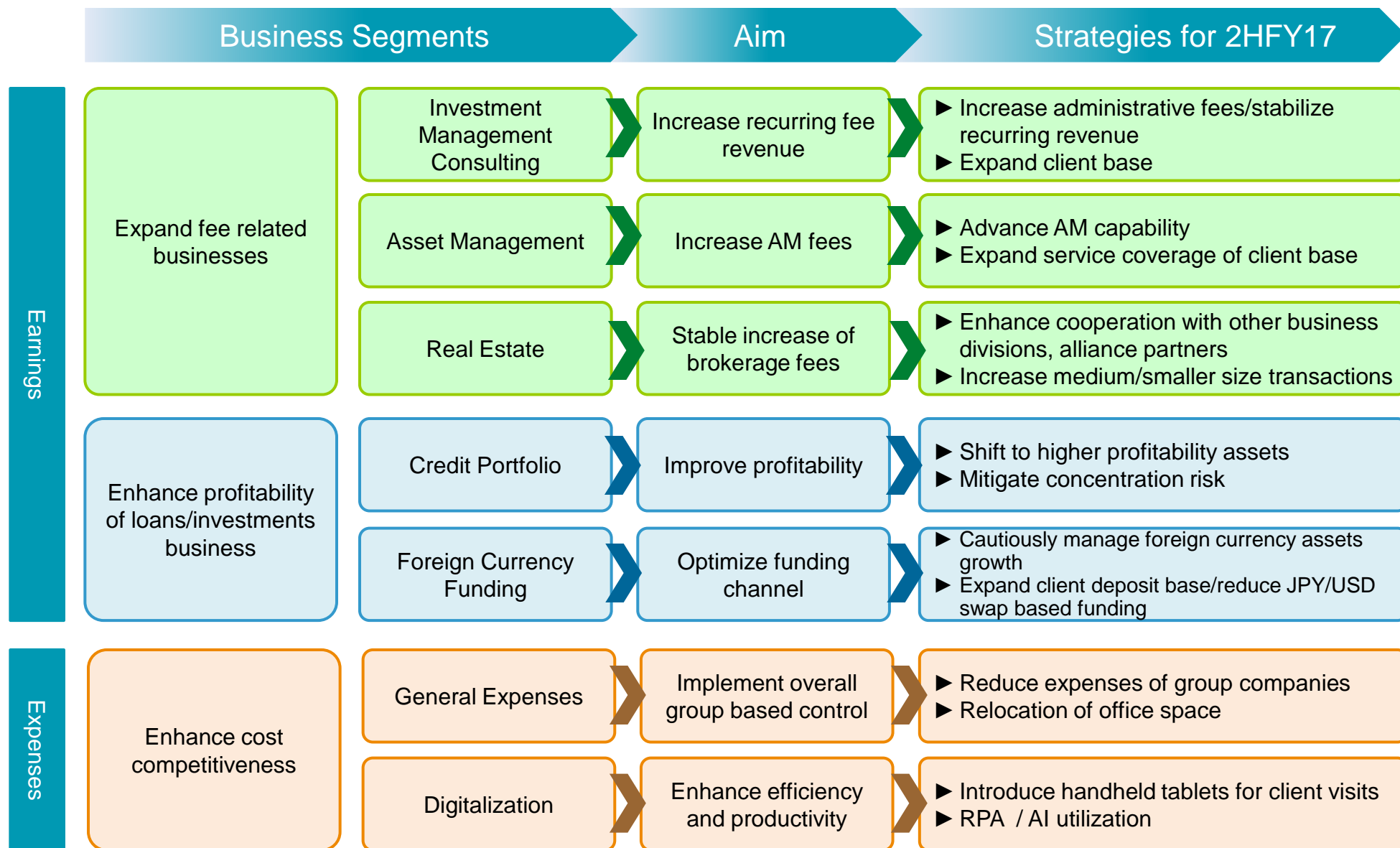
(*) "Consolidated net business profit before credit costs", "Substantial consolidated gross business profit" and "Substantial G&A expenses" are based on managerial accounting taking gross income and expenses from the affiliates into consideration, and "Fee income ratio" and "Overhead ratio" shown on the table above are calculated using these figures.

(Ref.) Medium term profit target by business segment (Initially published in May 2017)

	(Yen bn)	FY2016	FY2017		FY2019	Change from FY2017
		Actual	Plan	Change	Plan	
Net business profit before credit costs		232.3	260.0	27.6	300.0	40.0
Gross business profit before credit costs		654.5	685.0	30.4	730.0	45.0
Retail total solution services		201.9	193.0	(8.9)	206.0	13.0
Non-consolidated		140.2	134.0	(6.2)	145.0	11.0
Consolidation difference		61.7	59.0	(2.7)	61.0	2.0
Wholesale financial services		169.9	176.0	6.0	191.0	15.0
Non-consolidated		118.5	119.0	0.4	128.0	9.0
Consolidation difference		51.3	57.0	5.6	63.0	6.0
Stock transfer agency services		35.8	36.0	0.1	37.0	1.0
Non-consolidated		19.6	20.0	0.3	21.0	1.0
Consolidation difference		16.1	16.0	(0.1)	16.0	-
Real estate		52.5	54.0	1.4	57.0	3.0
Non-consolidated		32.0	33.0	0.9	34.0	1.0
Consolidation difference		20.4	21.0	0.5	23.0	2.0
Fiduciary services		160.2	161.0	0.7	169.0	8.0
Non-consolidated		61.2	61.0	(0.2)	63.0	2.0
Consolidation difference		98.9	100.0	1.0	106.0	6.0
Global markets		8.2	50.0	41.7	52.0	2.0
Substantial G&A expenses		(422.2)	(425.0)	(2.7)	(430.0)	(5.0)
Non-consolidated		(232.7)	(235.0)	(2.2)	(232.0)	3.0
Consolidation difference		(189.4)	(190.0)	(0.5)	(198.0)	(8.0)
Ordinary profit		196.3	235.0	38.6	275.0	40.0
Net income attributable to owners of the parent		121.4	150.0	28.5	180.0	30.0

Business initiatives

Direction of our business

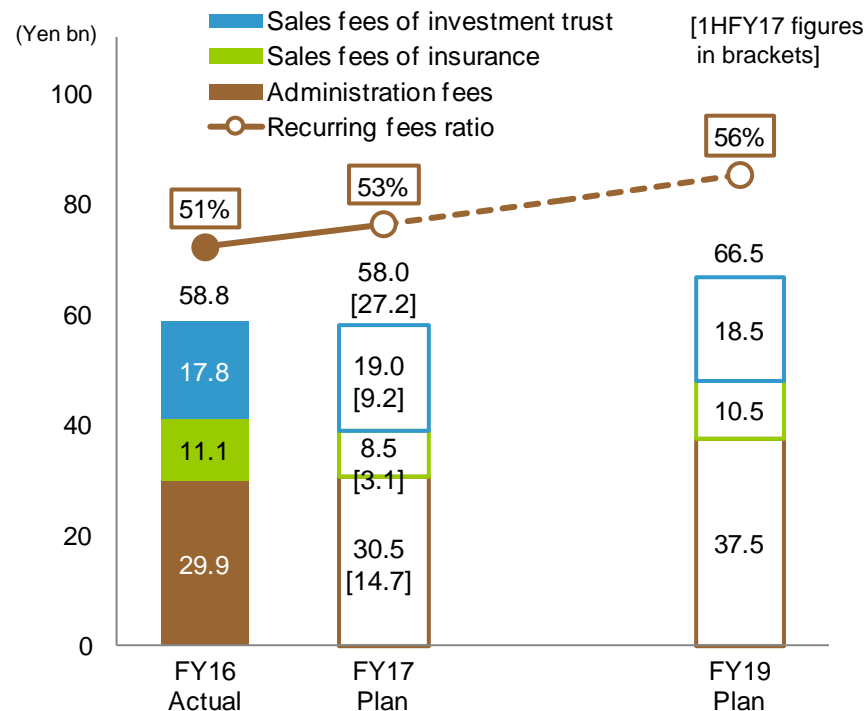


Fee business: Investment management consulting (1)

Focus of Strategy

Enhance recurring revenue	Investment Trusts/SMA	<ul style="list-style-type: none"> ▶ Marketing focused on growing clients' financial assets ▶ Portfolio construction consulting
	Insurance	<ul style="list-style-type: none"> ▶ Strengthen sales of level premium insurance
Expand client base	Asset formation generation	<ul style="list-style-type: none"> ▶ DC, Cumulative investment products, NISA
	Pre/post retirement Seniors	<ul style="list-style-type: none"> ▶ Core & satellite portfolio ▶ Plan for inheritance & wealth transfer

Expand recurring revenue



High Quality Consulting

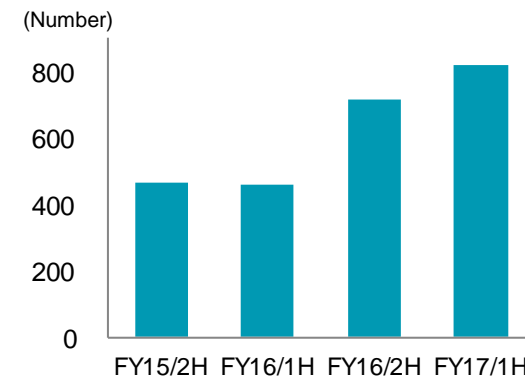
Bank Retail Expertise Survey

<Overall Ratings>

1st	SuMi TRUST Bank
2nd	Bank of Yokohama
3rd	Mizuho Bank
4th	MUFJ Trust Bank
5th	BTMU

(Source) Nikkei Newspaper

Number of Investment Seminars



Strengthen Level Premium Insurance

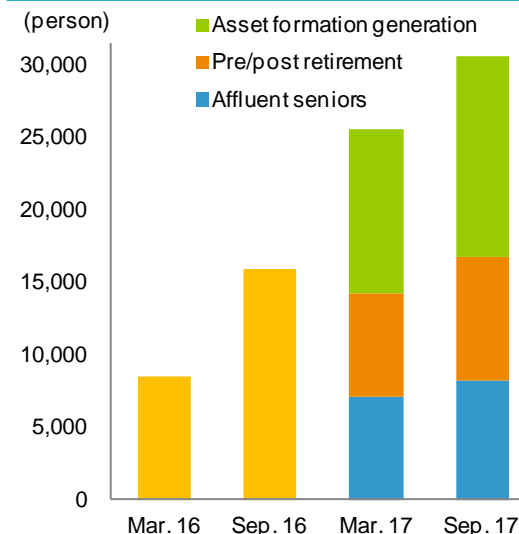
Develop Inheritance/Gift Services

- ▶ Capture nursing care and illness protection needs
- ▶ To counterbalance inheritance tax increase, offer both insurance products utilizing annual gift allowance and NISA

Equity Investment in Cardiff Japan

- ▶ 20% equity investment in BNP Paribas affiliated life insurance (plan)
- ▶ By acquiring insurance product development function, timely introduction of client friendly products made possible

Number of Level Premium Policies



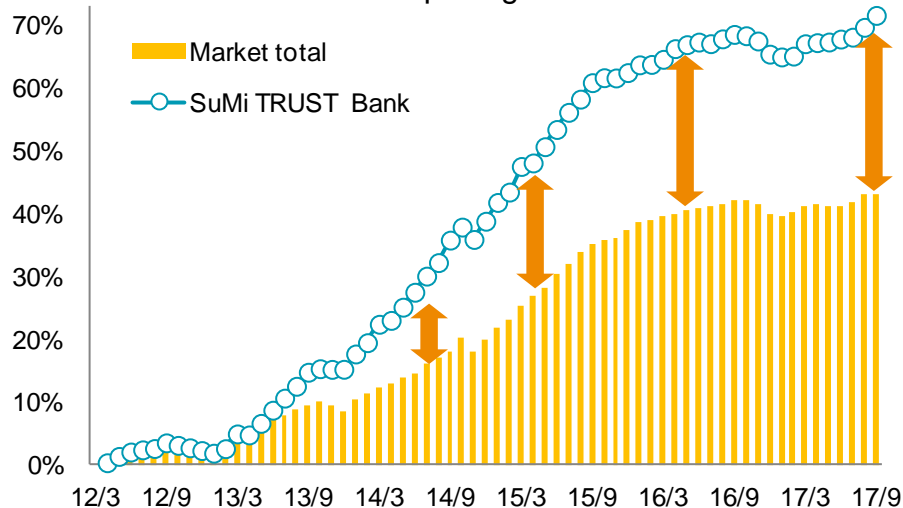
Fee business: Investment management consulting (2)

Expand client base to achieve sustainable growth

OTC	▶ High quality clients, seniors as core base
DC	▶ Build up balance utilizing No.1 share status
Mortgages	▶ Affinity with installment savings as both are long term
Employee Savings Plans	▶ Increase balance through company based employee savings plans
Installment Savings	▶ Active marketing to younger working generation

Investment trust/Discretionary investment Net growth percentage (Cumulative basis)

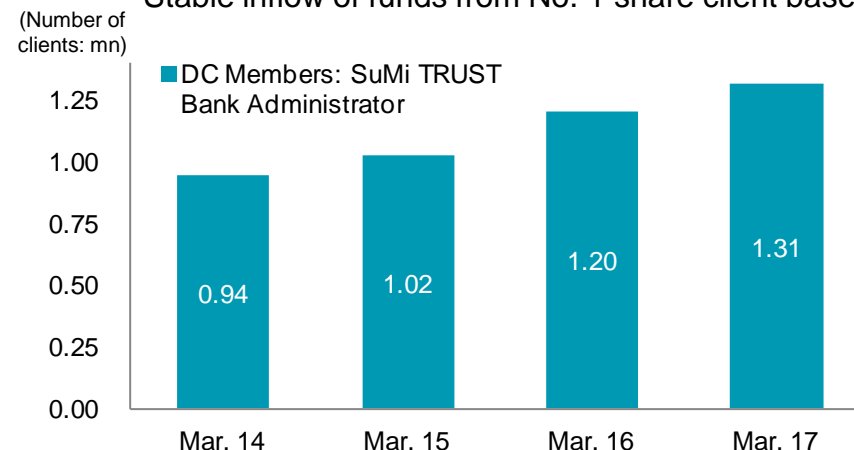
Stable inflow of funds outpacing overall market increase



Stable inflow of funds

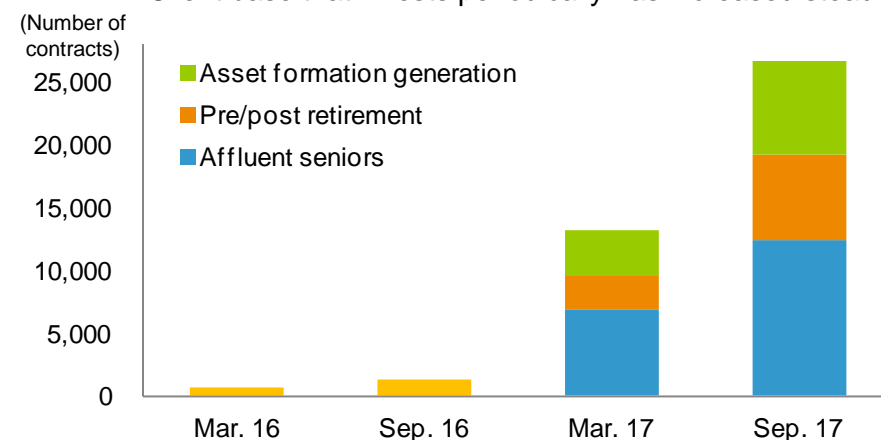
DC Plan Members

Stable inflow of funds from No. 1 share client base



Number of automatic investment plans

Client base that invests periodically has increased steadily



Fee business: Wholesale asset management

Focus of Strategy

Utilize our know-how/function accumulated as a trust bank to offer asset management services for corporate clients

Know-how/function accumulated as a trust bank

Loans/
investments

AM/Admin

Real
estate

Global
markets

SuMi
TRUST

Consulting

Asset
sourcing

Deal arrange-
ments

Monitoring
support

Investor

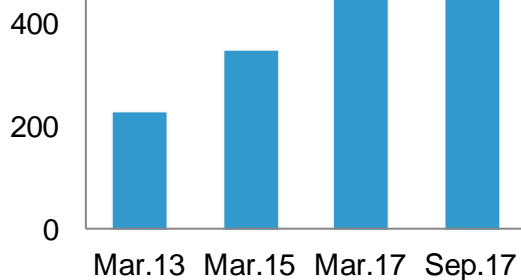
Single point of contact from investment proposal to monitoring support

Offer added value to enhanced our client base

Steady increase of financial
institutions client base

Number of financial institution clients
(Regional banks/credit cooperatives)

(companies)



Next step:
Expanded range
of investment
products/bespoke
services to
entrench client
relationships

Expanded range of investment products

Offer our asset management know-how accumulated through proprietary investment to outside investors

Private
Equity

Infrastructure
Finance

Real
Estate

Aircraft

Extremely low
interest rate
+
Lack of
investment
opportunity

Develop products utilizing trust functions

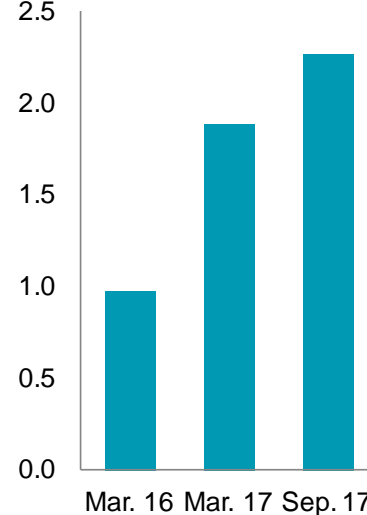
Joint Money
Trust

Trust
Certificates

Trust Bonds

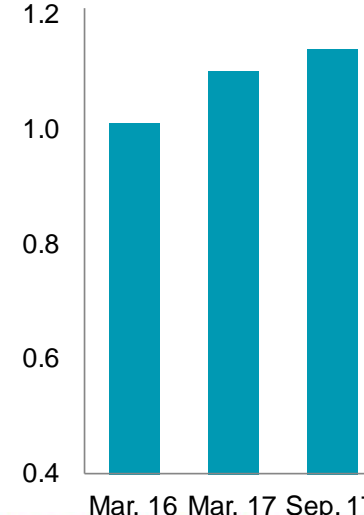
Alternative assets AUM

(Yen tm)
2.5



Joint money trusts etc. AUM

(Yen tm)
1.2

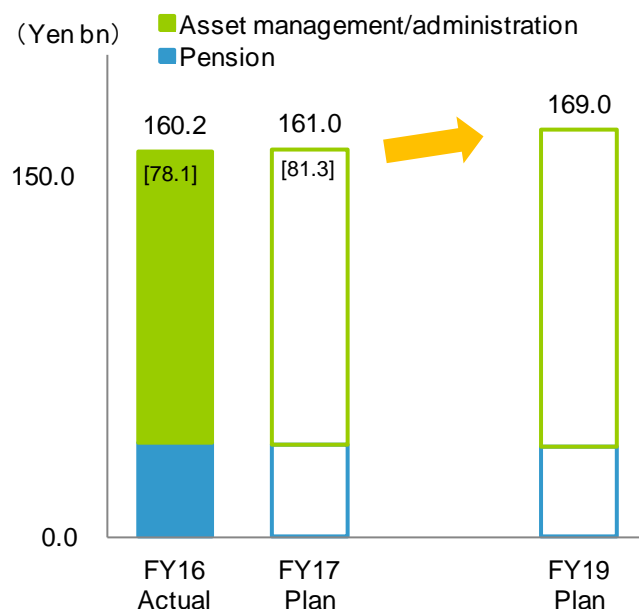


Fee business: Fiduciary services

Focus of Strategy

Asset Management	Strengthen the group's overall AM capability Expand service coverage of client base
Asset Administration	Pursue economies of scale Respond to propagation of asset classes, sophistication of AM techniques
Pension Business	Maintain/expand pension AUM Enhance profitability

Trajectory of net business profit growth



[1HFY17 figures in brackets]

AM Preparation to merge AM functions

- ▶ Merger of AM functions of SuMi Trust Bank and SuMi TRUST Asset Management has been decided
- ▶ Propel consolidation of management resources and investment in growth areas.
- ▶ Pursue a growth strategy by strengthening product offering capabilities and expanding service offering line-up arial

➡ Preparation ongoing, target date: October 2018

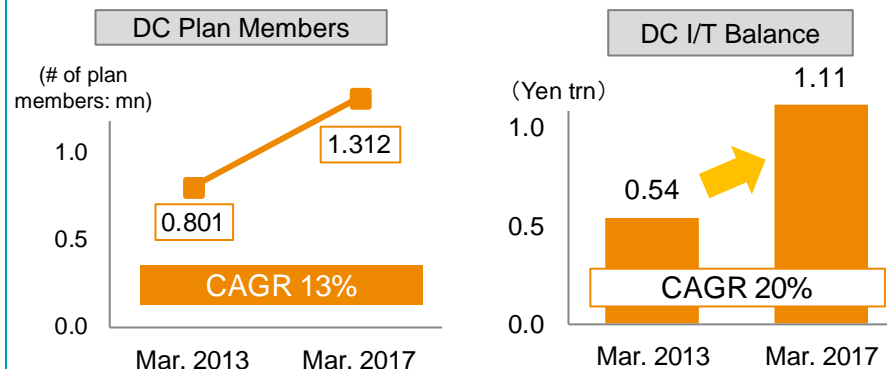
Asset Admin. Plan to merge asset administration subsidiary (JTSB)

- ▶ In-principle agreement to merge JTSB and TCSB between major shareholders
- ▶ To pursue economies of scale to streamline operations and enhance service level

➡ In discussions to seal final agreement during 2HFY17

Pension Business Steady growth of DC business (*)

DC plan members under administration exceeded 1.3mn (No.1 share) DC Investment trust balance also increasing steadily

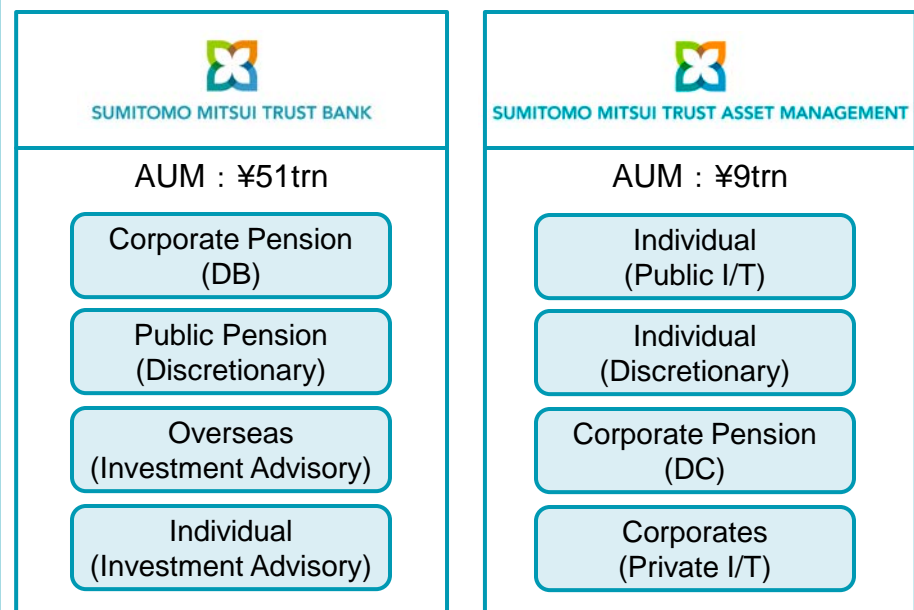


(*)DC investment trust balance: combined figures of SuMi Trust AM and Nikko AM
DC Members: SuMi TRUST Bank Administrator

Fee business: Asset management (Merger of the Group's AM functions) (1)

To strengthen business foundations by economies of scale

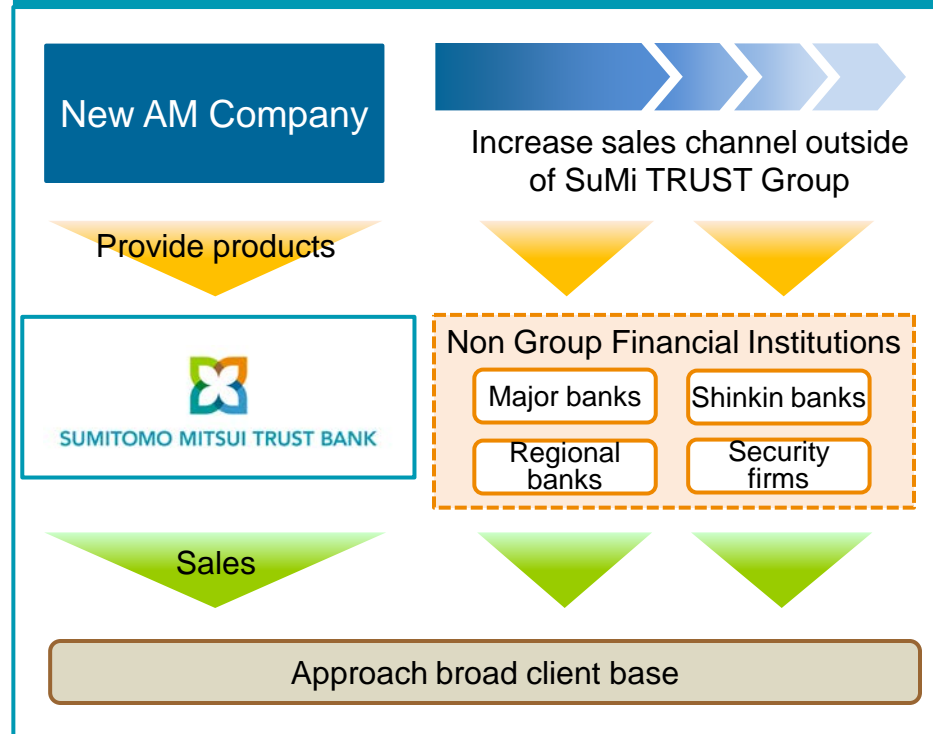
- Planned merger of AM functions of SuMi TRUST Bank and SuMi TRUST AM by October 2018



New Asset Management Company

Largest institutional investor in Japan AUM: ¥60trn
To become a nationally recognized brand for medium/long term investments

Expand sales channel outside of the Group



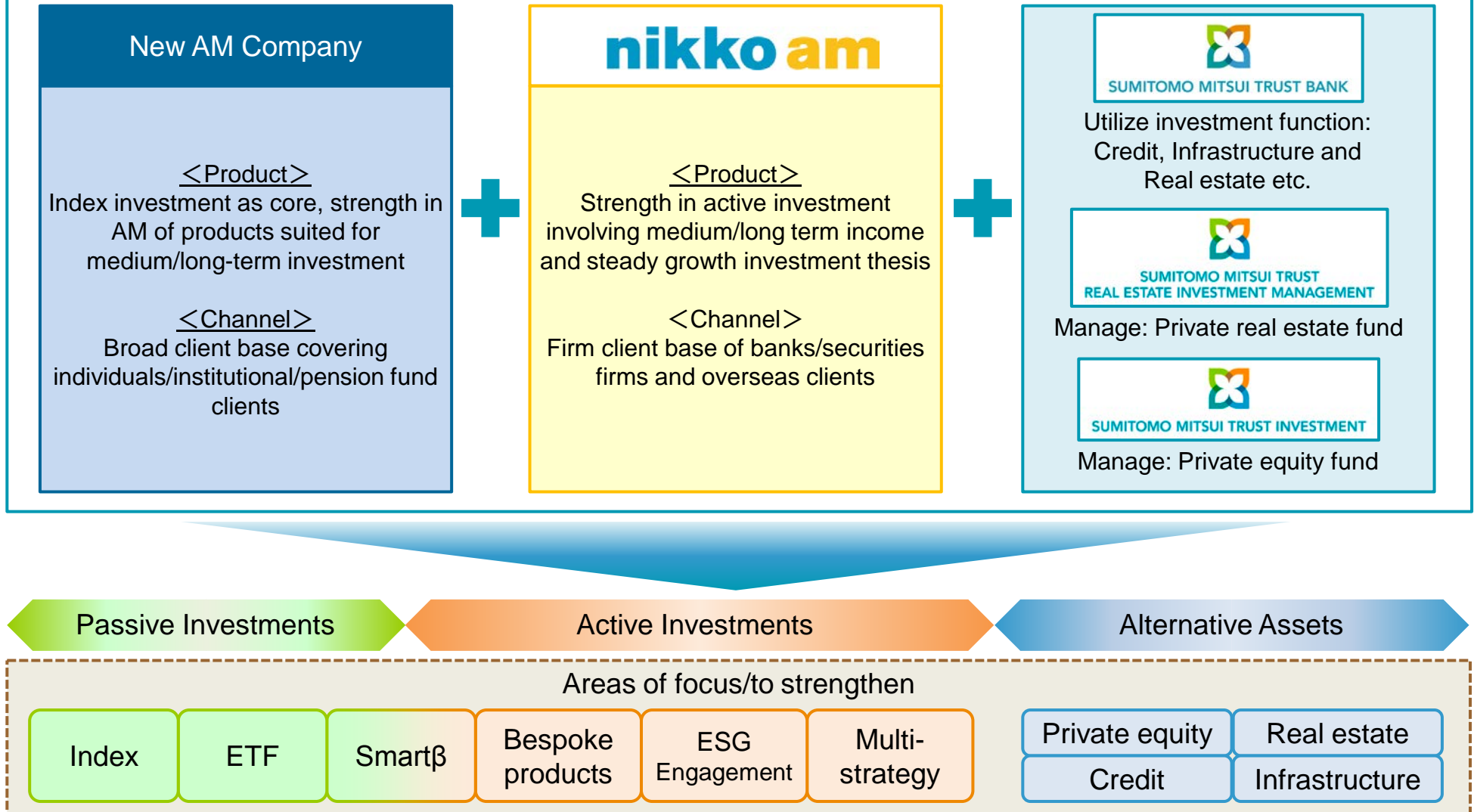
Strengthen business base

Sophisticated fiduciary duties
Refined conflict of interest management

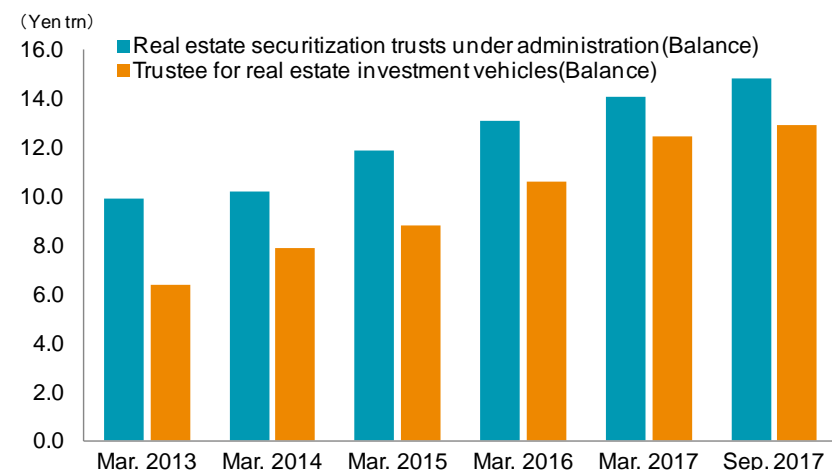
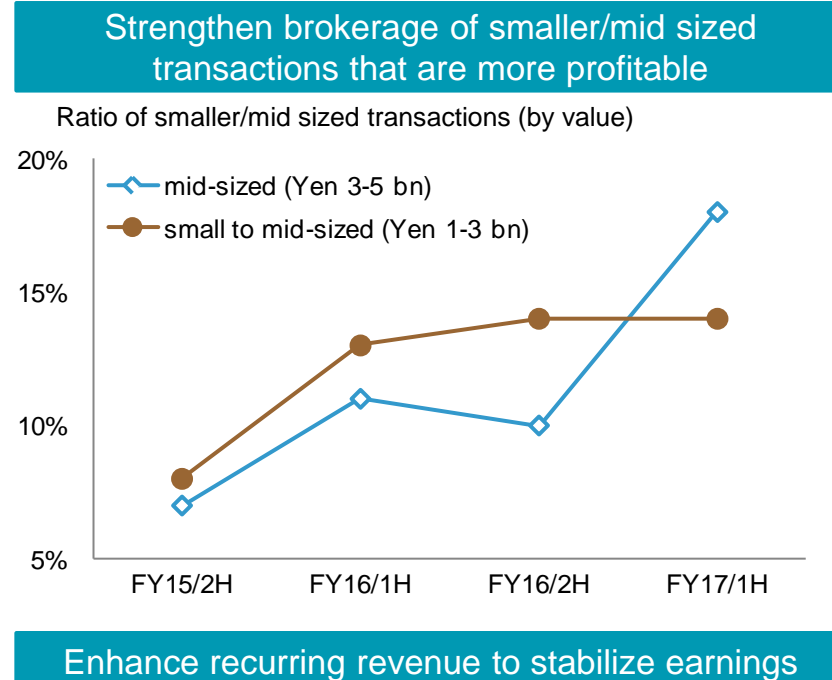
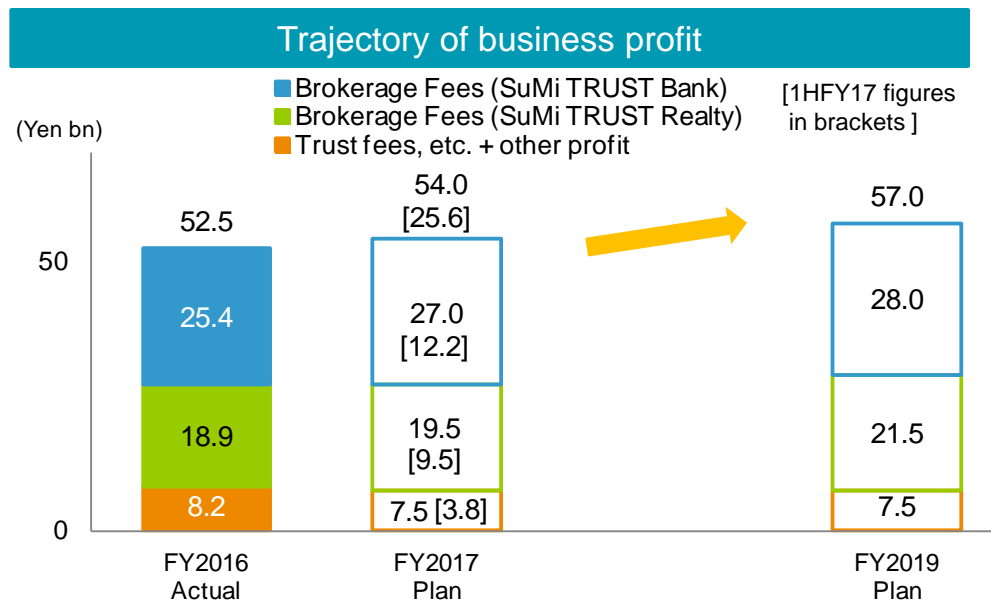
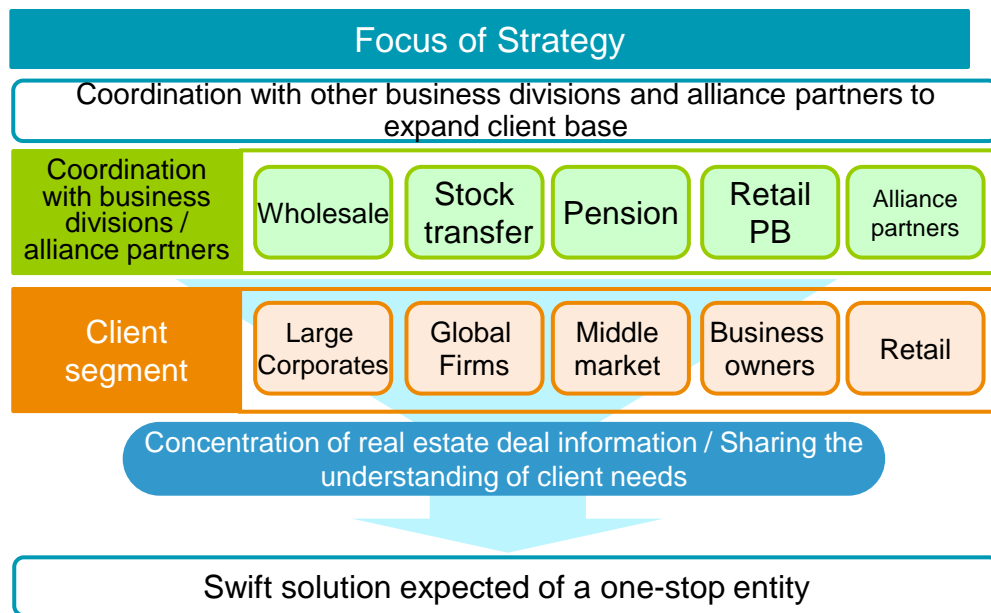
Strengthen corporate governance

Fee business: Asset management (Merger of the Group's AM functions) (2)

SuMi TRUST Group
~ Multi-platform strategy to serve multi-products ~

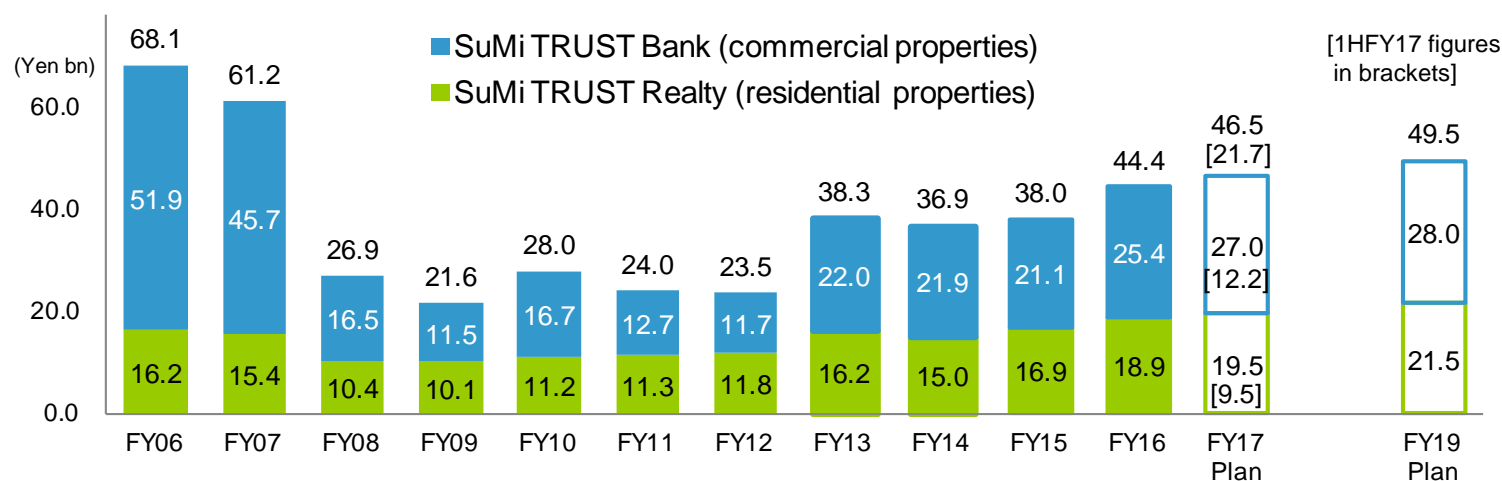


Fee business: Real estate (1)

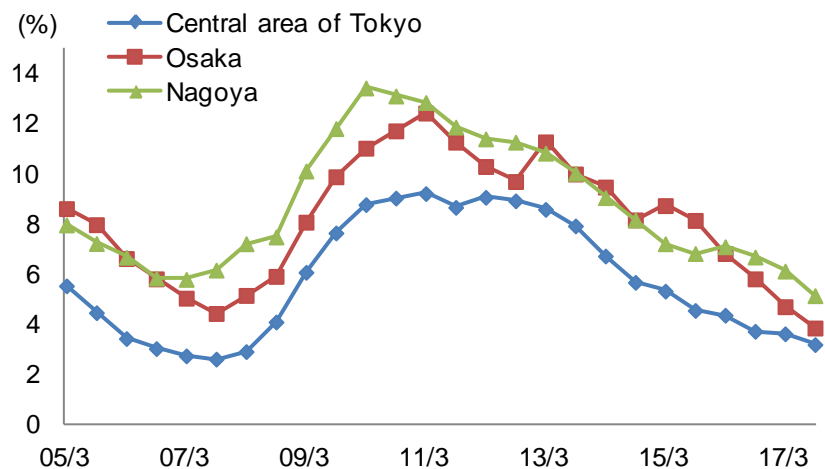


Fee business: Real estate (2)

Real estate brokerage fees

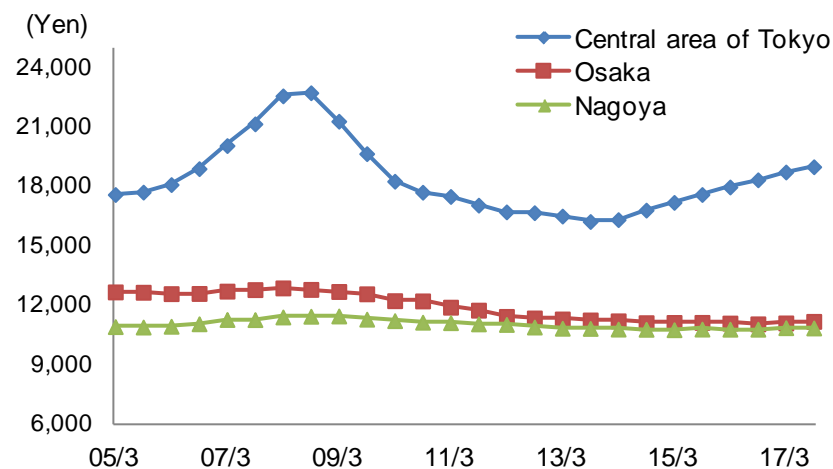


Average vacancy rates (Office market)



[Source] Miki Shoji

Average rent (Office market)



[Source] Miki Shoji

Loans/Investments business: Corporate exposure

Focus of Strategy

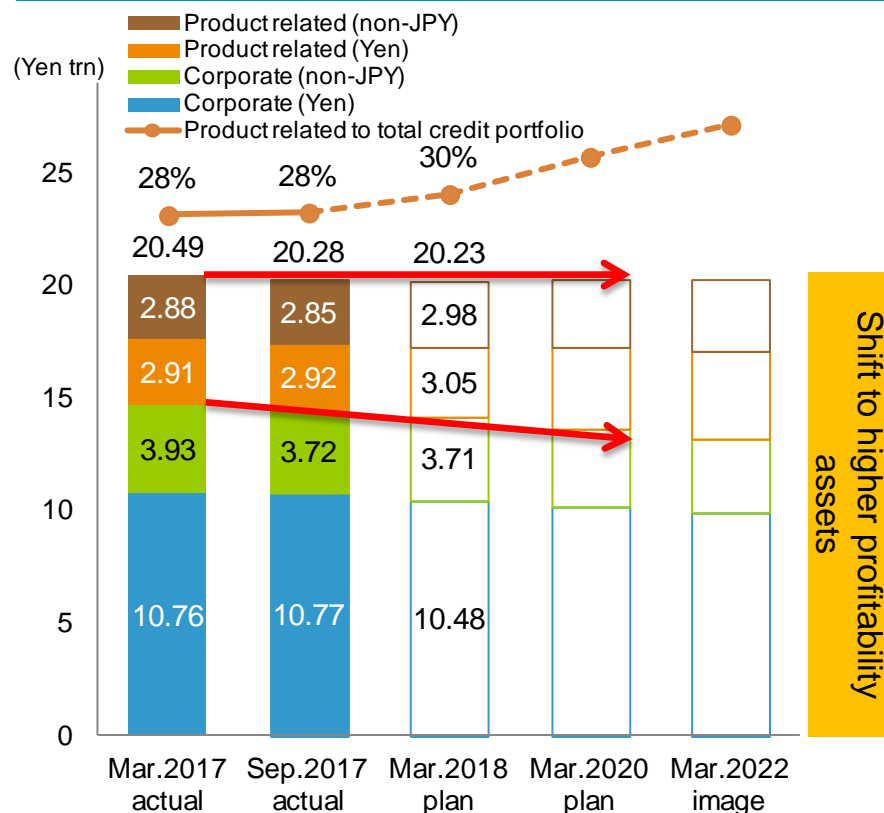
Credit portfolio profitability improvement

- ▶ Maintain overall BS size
- ▶ Shift to higher profitability assets

Mitigation of downside risk

- ▶ Cautiously manage foreign currency B/S
- ▶ Strengthen concentration risk management

Corporate credit portfolio plan

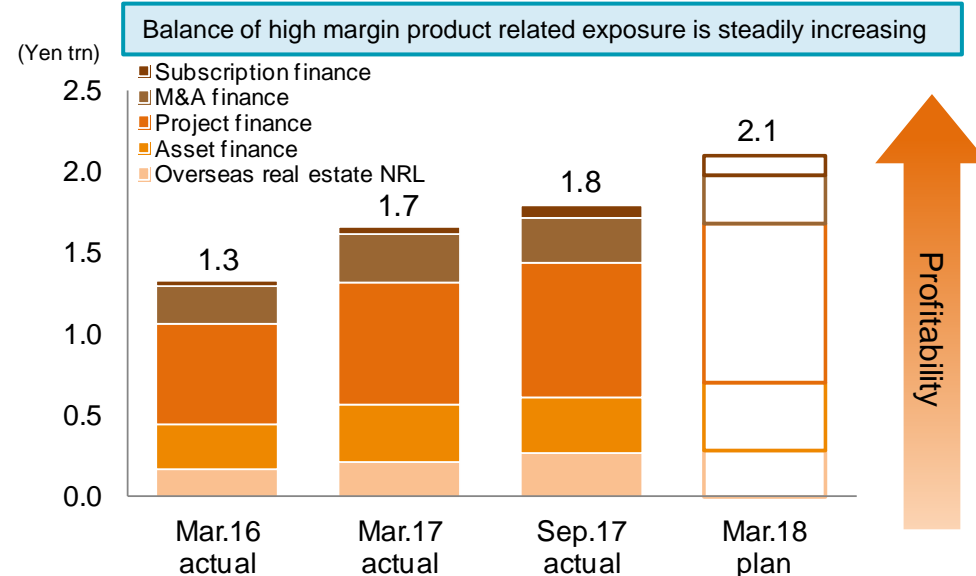


(*)Foreign currency balances beyond Mar. 20 assumes same FX rate as Mar. 17

Status of credit portfolio profitability improvement (Mar. 2017 vs Sep. 2017 comparison)

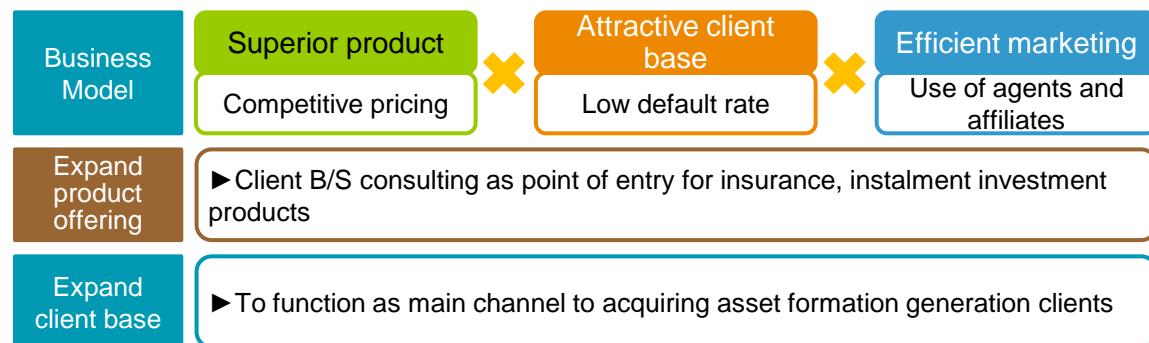
	Balance	Margin	
Product related (non-JPY)	➡	➡	<ul style="list-style-type: none"> Regarding foreign currency assets, to reduce both low margin product and corporate assets to improve overall margin
Corporate (non-JPY)	➡	➡	
Product related (Yen)	➡	➡	<ul style="list-style-type: none"> Due to highly competitive domestic lending market, spread improvement is challenging Portfolio shift from corporate to product lending is an issue
Corporate (Yen)	➡	➡	

Balance of important product related credit (both Yen and non-JPY)

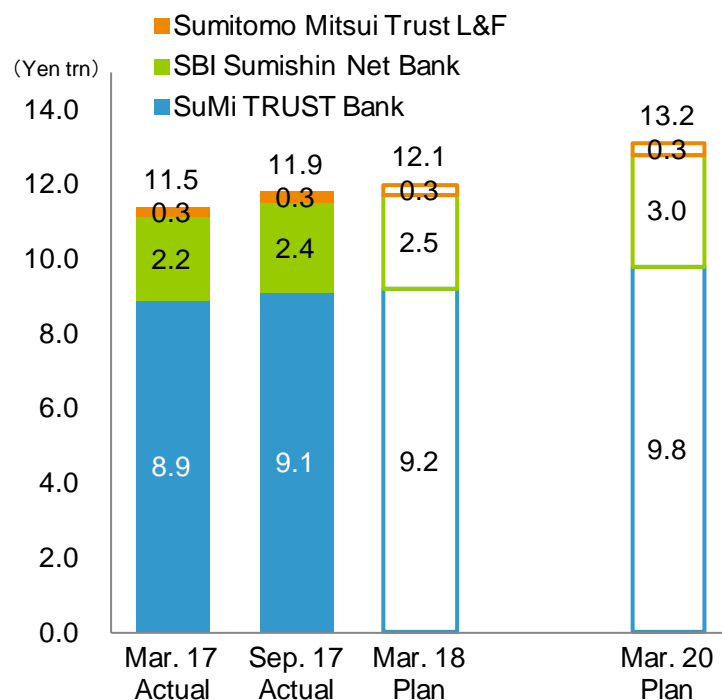


Loans/Investments business: Retail

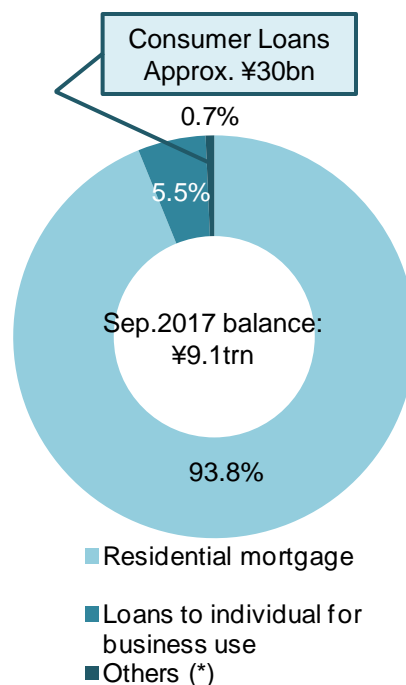
Focus of Strategy



Personal Loan Balance

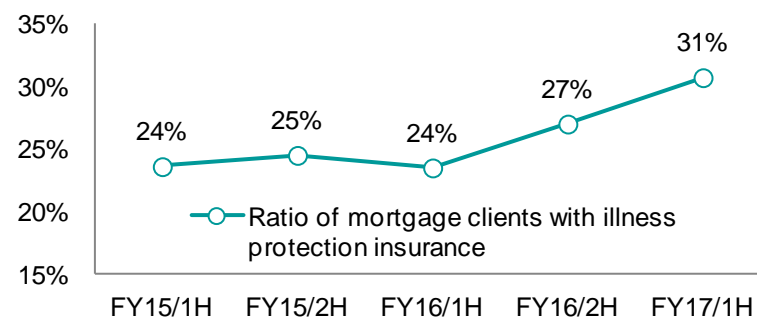


By product (Non-consolidated)

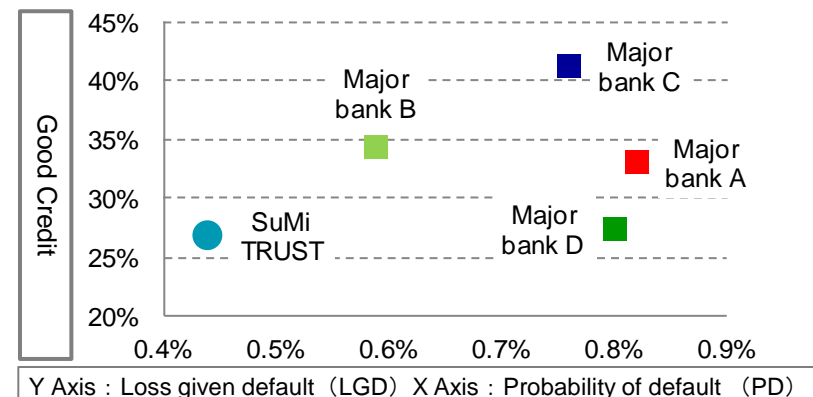


(*) Consumer loans, overdrafts etc.

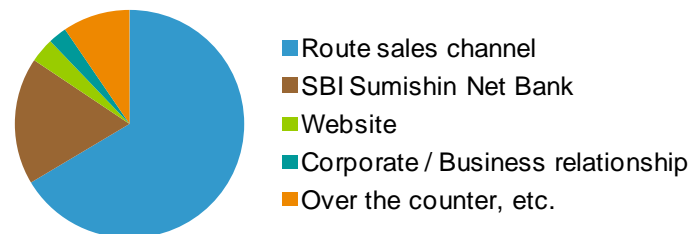
Expand product offering to mortgage borrowers



Attractive client base (Mortgages)



Efficient marketing (Mortgages)

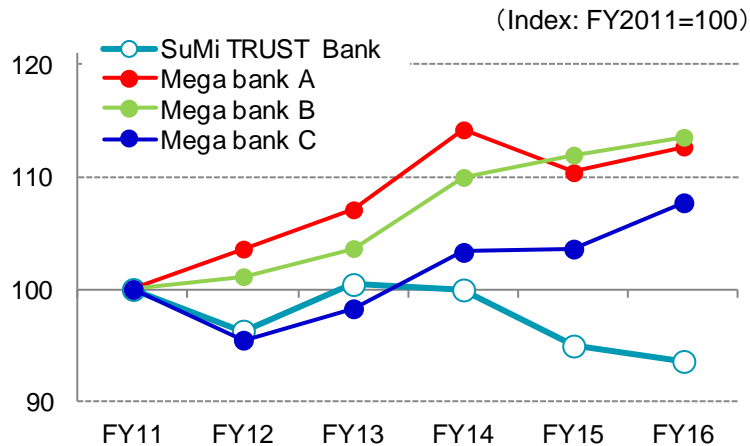


Expenses: Initiatives to enhance efficiency and raise productivity

Cost restraint operation

- ▶ Since the merger, expenses have been managed prudently with focus on SuMi TRUST Bank

Comparison of G&A Expenses (Non-consolidated)



Number of branches reduced by 24%

Productivity improvement utilizing strengths of a trust bank

Branch function

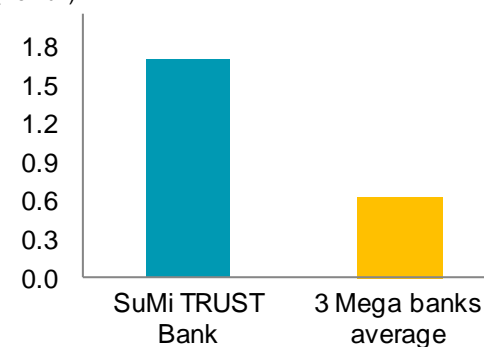
- ▶ 90% of branches specialized in retail services

Focus on consulting

- ▶ Low-counter centric layout

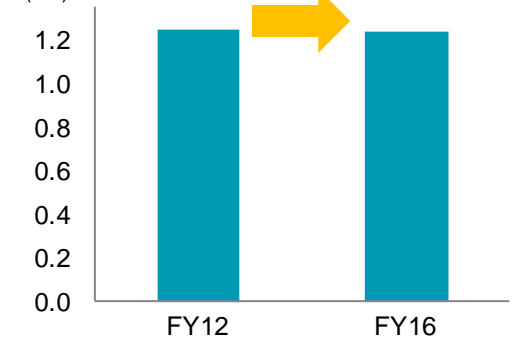
Profitability per branch

[Net business profit per branch : Retail branches]
(Yen bn)



Stable branch visit needs

[Transition of annual client visits to branches: Number of visits]
(mn)



Further enhance efficiency and improve productivity

Expenses control through efficiency

Merge office buildings etc. accomplished 1HFY2017)

Review workflow process (RPA, AI etc.)

Expenses review of group companies

Create capacity for future investment, investments in new business areas

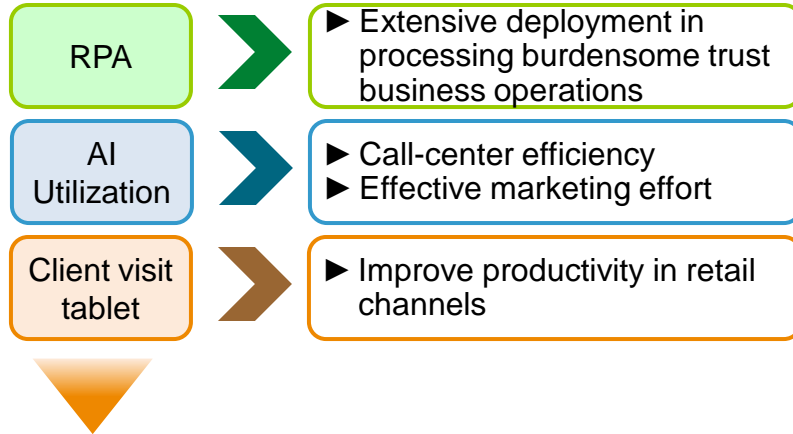


Branch slim-down, optimization

Improve OHR and productivity while restraining excessive expense growth

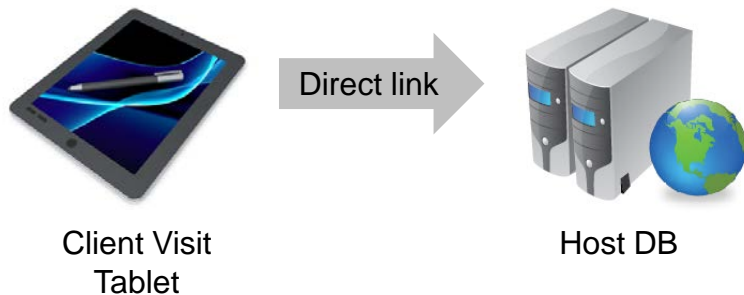
Digitalization initiatives

Utilizing IT to improve efficiency / productivity



Rollout of client visit tablets to all branches in FY2017

- ▶ Direct link to host database without branch middle backoffice interaction
- ▶ Increase business area coverage by function upgrade



To achieve reduction of branch middle/back office operations

To uncover new profit opportunities utilizing AI

- ▶ AI utilization from AM business
- ▶ AI utilization in consulting to uncover unserved client needs

Effective marketing effort to develop new business areas

Effective marketing utilizing advanced know-how of SBI Sumishin Net Bank

- ▶ Robo Ads
- ▶ Lending
- ▶ Asset management

Expenses control by efficient operations utilizing IT

Branch workload for deposits/investment trusts to be reduced by more than 50%

Increase client contact

Client visits Up 10%

Reduce backoffice work

Branch workload Down 10%

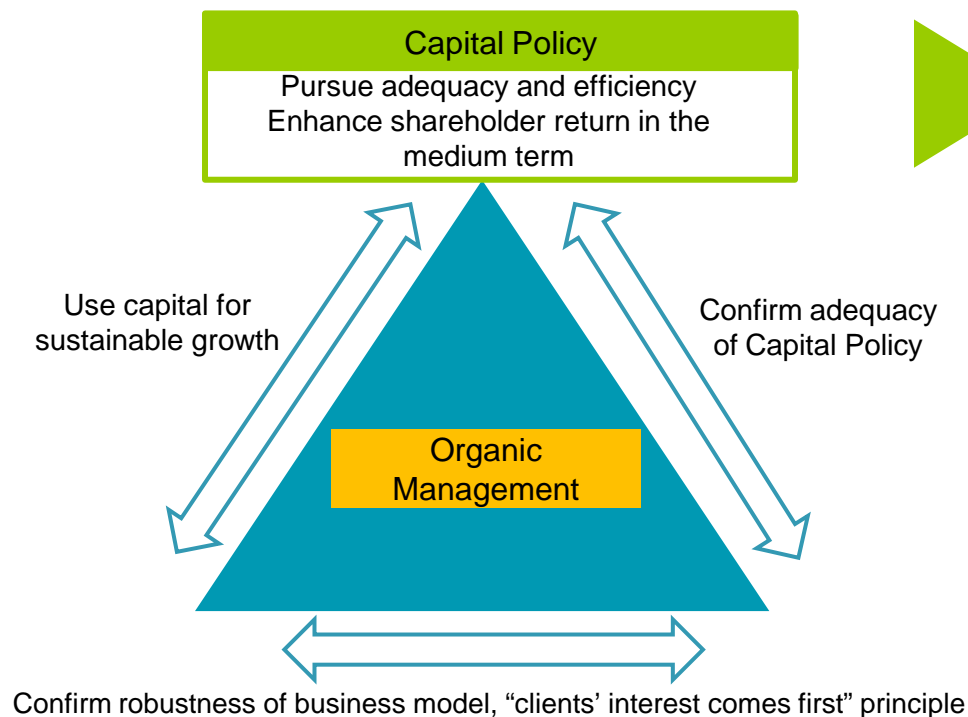
Further allocation of HR to frontline marketing

Financial / Capital policy

Financial / Capital policy

- ▶ We aim to maximize shareholder interest by pursuing policies to enhance quality and quantity of capital, and to improve capital efficiency
- ▶ Execute capital policy that conforms to our business model combining banking and trust, to organically manage it mindful of good corporate governance
- ▶ We aim to enhance shareholder return in the medium term by payment of dividends and share repurchases commensurate with earnings

Capital Policy conforming to our business model



Capital Policy Targets / Policies

Capital Adequacy (Target Level)

Common Equity Tier 1 Capital Ratio	Approx. 10%
------------------------------------	-------------

(Fully loaded basis)

+

Capital Efficiency (Target Level)

Shareholder ROE	Approx. 8%
-----------------	------------

(Long term target)

10%

+

Shareholder Return (Policy)

Earnings Linked	Dividend Payout Ratio of around 30%
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(Depending on the situation)

Share repurchase to be implemented

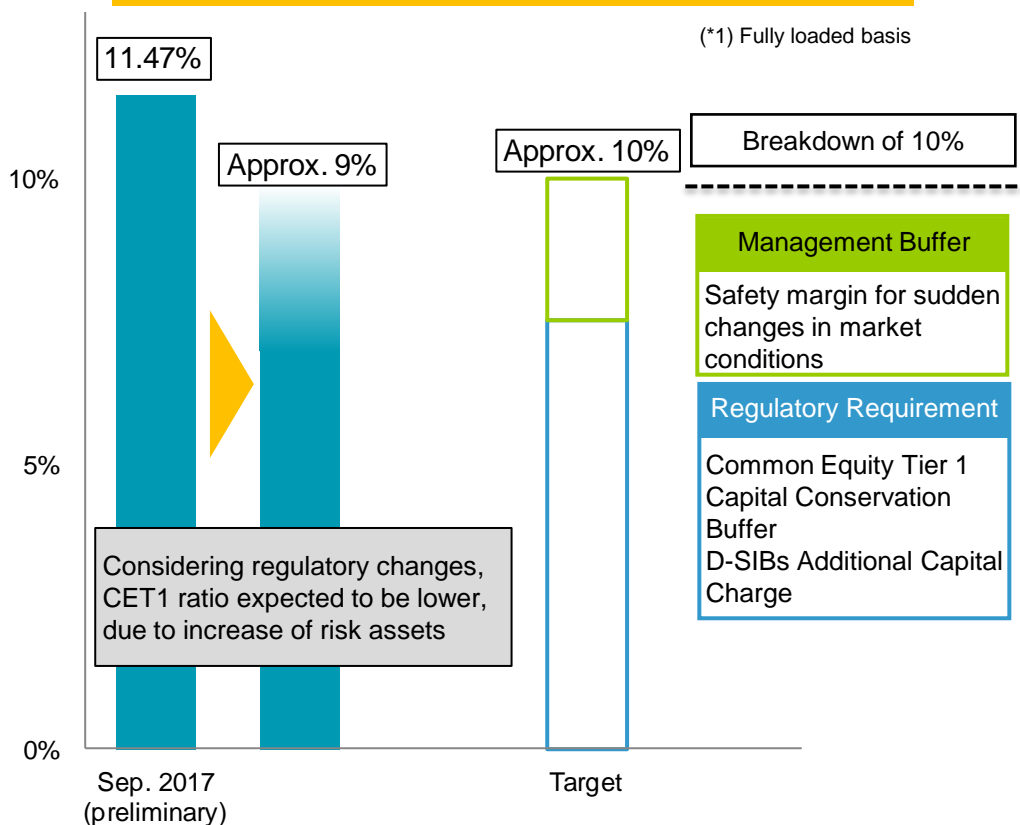
➔ Medium term total shareholder return to be raised to around 40%

Financial / Capital policy: Capital adequacy

- ▶ For "trust" business, which assumes an extremely long-term fiduciary relationship with clients, a sound financial base and adequate capital are indispensable.
- ▶ Taking current asset/risk profile into consideration, target Common Equity Tier 1 capital ratio to be around 10%
- ▶ Although the current level is expected to be 11.47% (Fully-loaded basis), this is "adequate level", taking regulatory changes and their implementation timeline into consideration
- ▶ Selective and efficient utilization of risks assets, as well as continued efforts to mitigate financial risks such as stock price volatility

Capital Adequacy to be sufficiently maintained even after regulatory changes

Current Common Equity Tier 1 capital ratio (*1) and Target

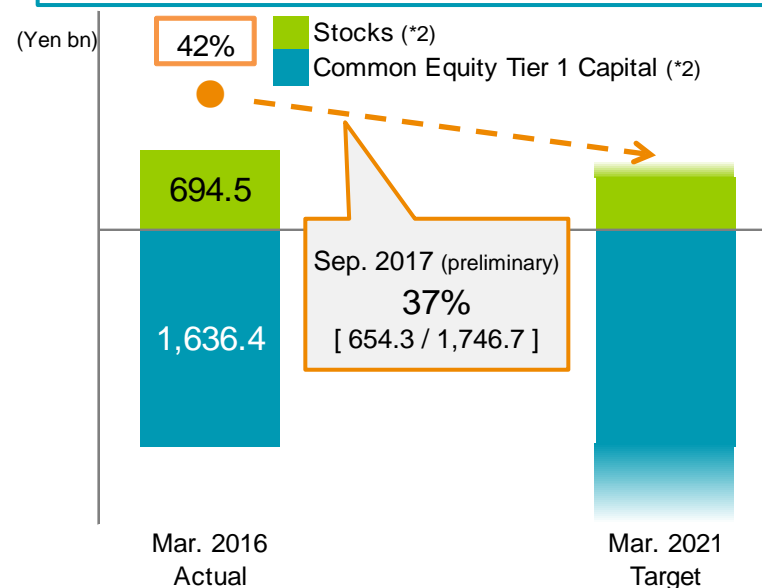


Continued efforts to mitigate financial risks

Reduction of strategic shareholdings, hedge operations to reduce stock price volatility

Plan to reduce strategic shareholdings

Commencing from FY2016, to reduce the ratio of strategic shareholdings to Common Equity Tier 1 capital by 50% in approximately 5 years



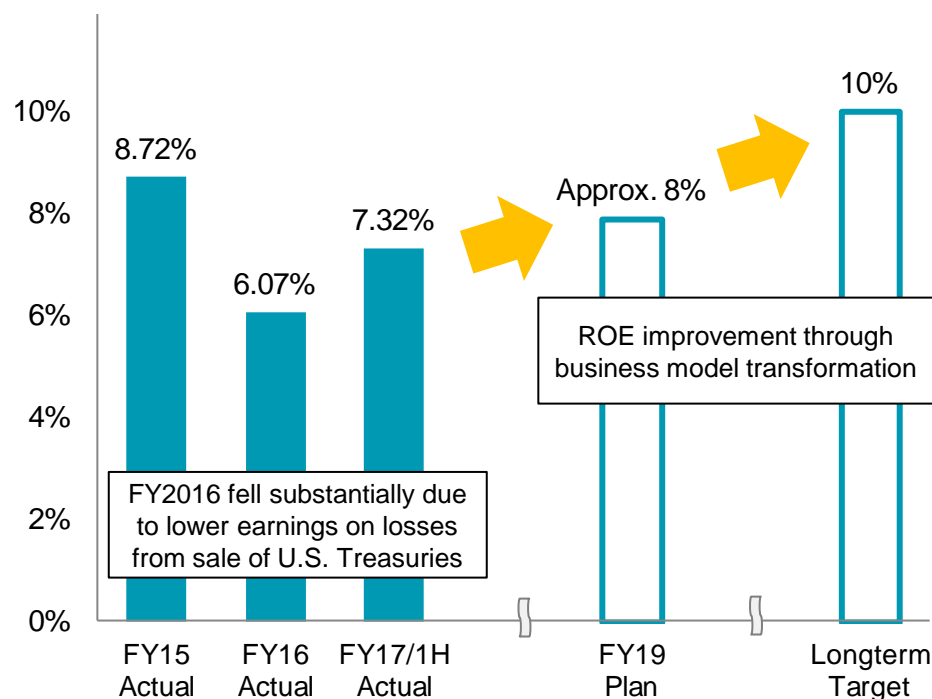
(*2) "Stocks": cost of "Japanese stocks" on consolidated basis,
"Common Equity Tier 1 capital": excluding valuation differences on AFS securities

Financial / Capital policy: Capital efficiency

- ▶ Shareholders' equity ROE improved to 7.32% at Sep. 2017. We plan to reach approx. 8% by the final year of the current Midterm Plan, aiming to reach 10% as a long term goal
- ▶ To improve capital efficiency, spearhead efforts to reform our business model (strengthen fee businesses, improve B/S profitability, expenses management), and while being mindful of balance with sufficiency of capital, to consider exploring profit growth and improvement of efficiency through M&A and alliances, and share repurchases as tool for capital management.

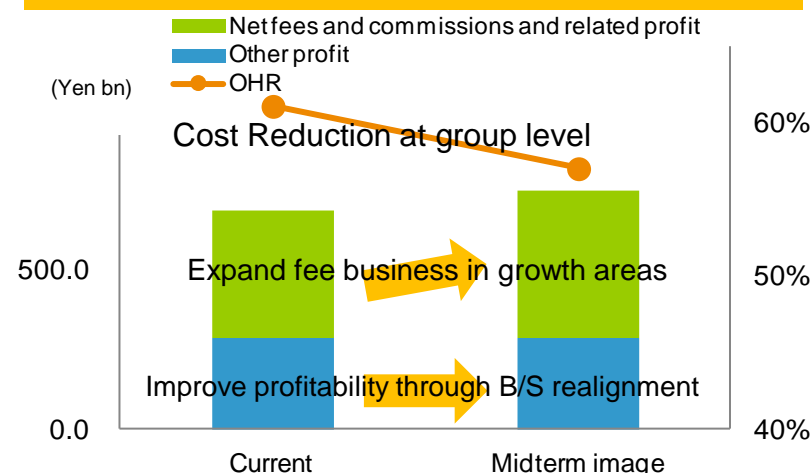
Continued efforts to improve capital efficiency

Shareholders' Equity ROE Trend and Target



Continued efforts to achieve profit growth

To achieve both profit growth and expense restraint



Expand business portfolio in areas where we can utilize our strengths

Company	Business	Investment	Objectives
Nikko AM	AM	2009	Add-on, expansion of business base
UK / IRE Subsidiaries	AM	2012	Add-on, expansion of business base
Sky Ocean AM	AM	2014	Expansion of business base
Sumitomo Mitsui Trust Club	Card	2015	Expansion of business base
MSRT(Railcar leasing)	Leasing	2016	Expansion of credit business
Cardif (Japan)	Insurance	[Under discussion]	Add-on of business function

Financial / Capital policy: Shareholder return

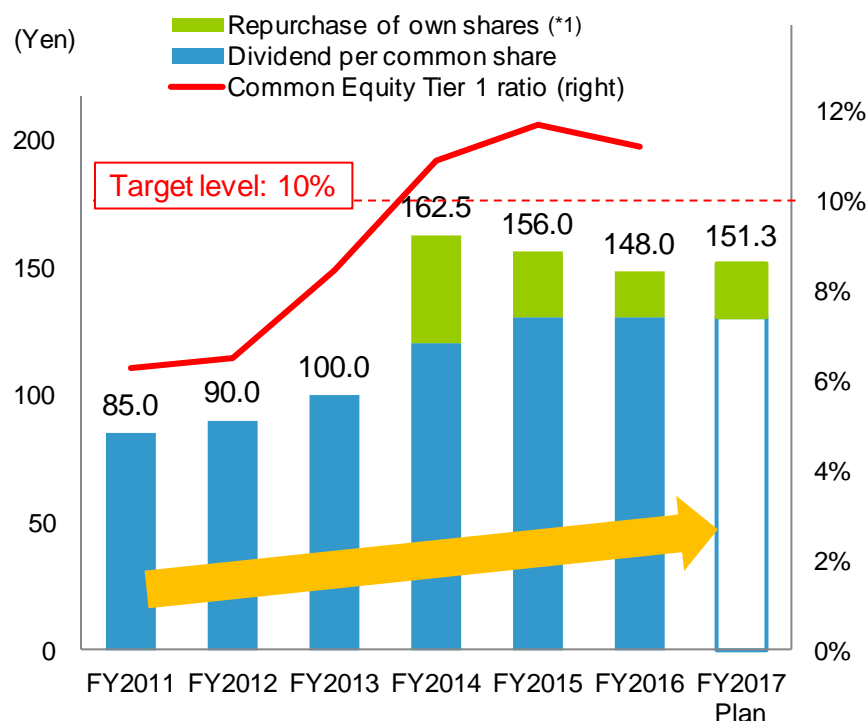
- ▶ We shall aim to enhance shareholder return in the medium term by payment of dividends and share repurchases commensurate with earnings by raising the total shareholder payout ratio to around 40%

<Shareholder Return Policy>

As a means of returning shareholders' profits commensurate with earnings, we will maintain a dividend payout ratio of around 30% with respect to ordinary shares, while considering share repurchases based on the balance between profit growth opportunities and improvement in capital efficiency. In the medium term, we shall aim to gradually raise the total payout ratio to around 40% to enhance shareholder returns

Shareholder payout per share

To enhance shareholder return in the medium term



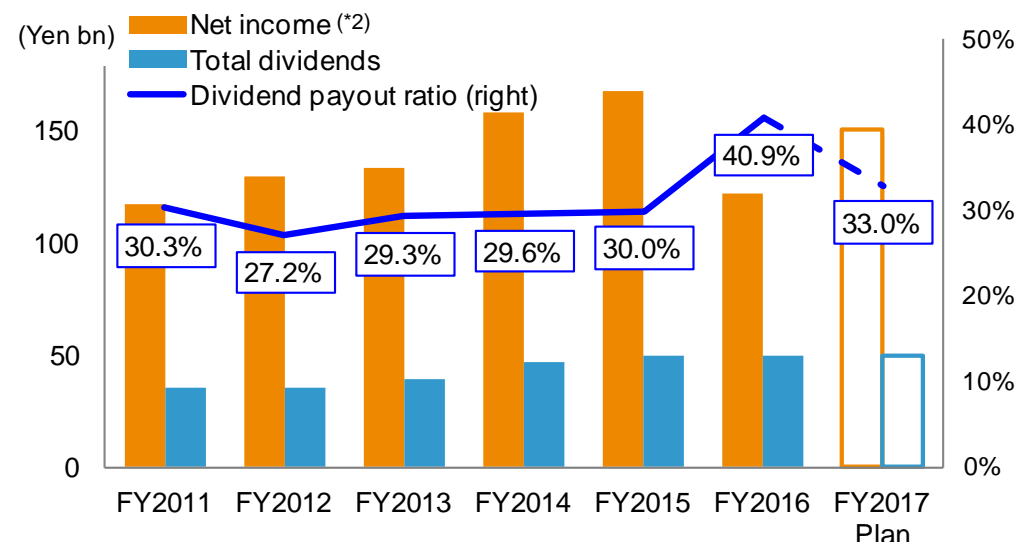
(*1) Calculated based on following formula:

$$\frac{\text{(Total amount of repurchase)}}{\text{(total number of shares in issue (excluding treasury stock) as of fiscal year end)}}$$

(*2) For FY2011, consolidated net income excluding amortization of negative goodwill from share exchange

Dividends commensurate with earnings

Consolidated dividend payout ratio has been around 30%



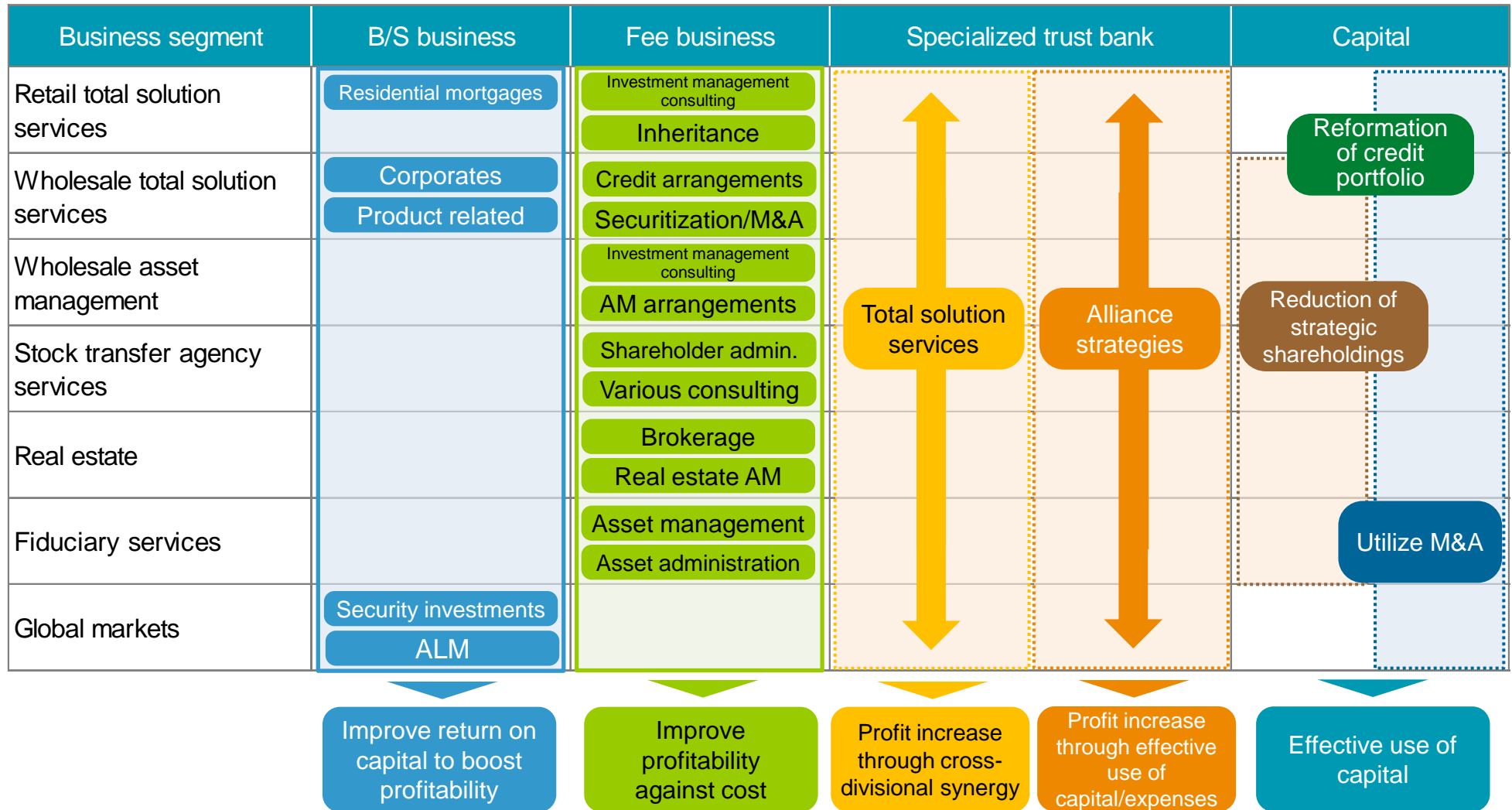
Past share repurchases

Repurchase timing	(Repurchase) Amount	EPS	Payout ratio
FY2014 (Feb. 2015)	16.4 billion yen	+1.00%	+10.4%
FY2015 (Aug. 2015)	9.9 billion yen	+0.45%	+6.0%
FY2016 (May 2016)	6.9 billion yen	+0.52%	+5.7%
FY2017 (Aug 2017)	8.1 billion yen	+0.53%	+5.4%



(Reference) Initiatives of each business segment to improve ROE

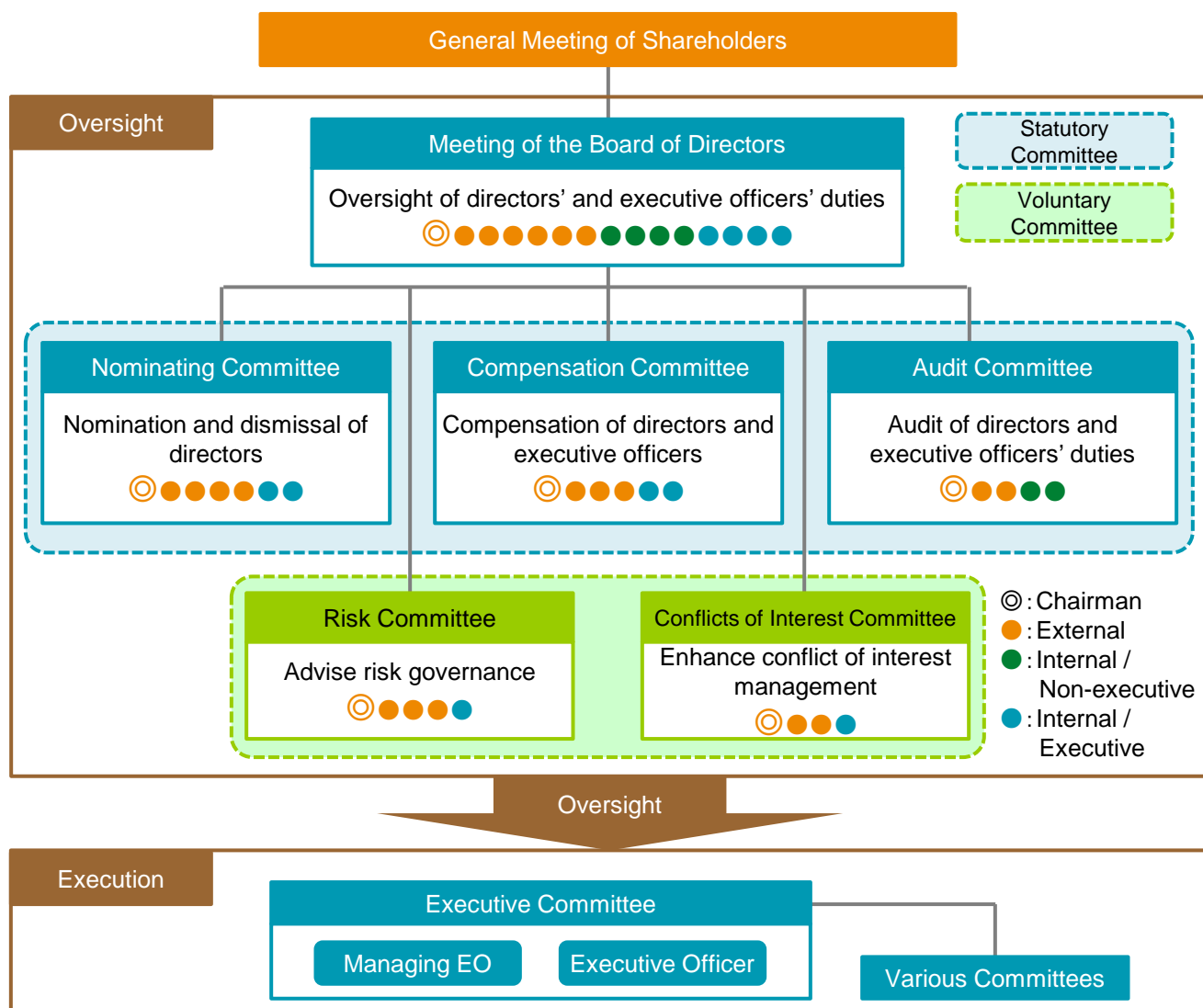
- Implementation of Midterm Management Plan to bolster ROE: Strengthen fee businesses, improvement of B/S efficiency and profitability through portfolio realignment, offering of total solution services through cross divisional synergy and promotion of alliances



Management base

Corporate governance enhancements: Organizational structure

Corporate Governance after transition to a company with three committees



Governance Enhancements

- By transitioning to a company with three committees, complete segregation of responsibility between oversight and execution
- Meeting of the Board of Directors to concentrate on discussing important business matters pertaining to the management of the entire group

Enhancement to the Meeting of the Board of Directors

- External Director elected as Chairman of the Board
- External Directors and non-executive Directors to hold majority
- Established Corporate Secretariat to assist External Directors
- Female External Director selected to promote diversity

Establishment of Conflicts of Interest Committee

- As a trust bank group, we have established a sophisticated conflict of interest management framework
- Mr. Hideki Kanda selected as Chairman (served as member of Financial System Council et al.)

Corporate governance enhancements: Efforts to improve effectiveness

"Management Themes" selected to utilize external directors' expertise and perspectives

- ▶ In order to utilize external directors' expertise and perspectives, "Management Themes" that are important management topics and mid/long term issues have been selected and meetings of around one hour held to discuss them

Management Themes

July
HR development

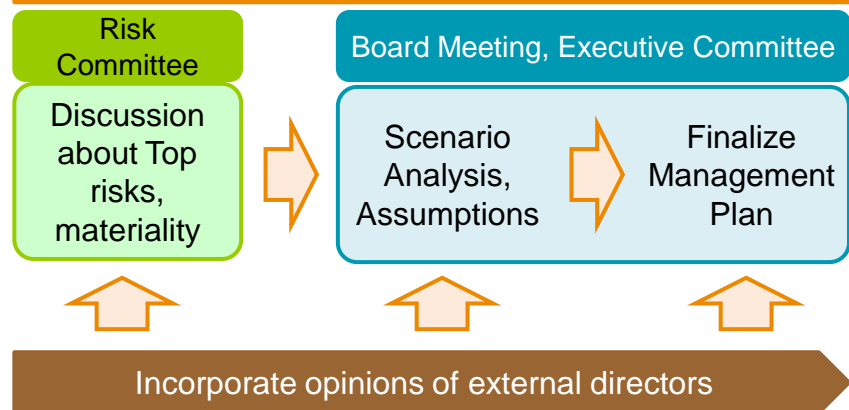
August
HR development

September
Reorganization of
AM functions

Early participation to formulation of Management Plan

- ▶ In formulating a Management Plan, to reflect the opinion of external directors from an early stage

Management Plan formulation process



Meeting of the Board of Directors: Steps to ensure more effective dialogue

Chairman, President and Secretariat PDCA

- ▶ To hold meetings with Chairman 3 times a month to discuss upcoming Board Meeting Agenda.
- ▶ Consultation regarding proceedings of the meeting
- ▶ After the Board Meeting, to hold retrospective meeting with the Chairman, the President and the Secretariat to confirm contents of the discussions

Assistance for external directors

Business overview lectures

- ▶ Corporate management sections and planning sections of business divisions to hold lectures for newly appointed external directors (20 themes selected for 2017)
- ▶ Previously appointed external directors may participate






Explanation of Board Meeting agenda

- ▶ To bolster discussions during the Board Meeting, agenda pre-lectured to external directors around 4 hours/month

Dialogue with executives

- ▶ Audit Committees to discuss the status of the execution of assignments and issues with internal officers. Non-Audit Committee external officers may participate voluntarily (14 times to be held in FY2017)
- ▶ Conduct interviews with corporate management sections, head of business planning departments, overseas branch managers, and affiliated companies.

Corporate governance enhancements: Committee Chairman's commentary

Chairman		Current Issues of the Committee
	Nominating Committee Isao Matsushita	After transitioning to a company with Three Committees, we believe it is important to tackle the following two issues. First is the refinement of succession planning. This term, both president of SuMi TRUST Holdings and president of SuMi TRUST Bank, its core subsidiary stepped down. Nomination and Compensation Committee, as a voluntary committee, debated and amassed the opinion of outside directors to nominate a candidate, but we recognize that further sophistication of succession planning is necessary. Secondly, we recognize that we need to continuously nurture the next group of candidates for top management.
	JX Holdings Inc. (Now JXTG Holdings Inc) Former Representative Director and President	
	Compensation Committee Isao Matsushita	After transitioning to a company with Three Committees, we offer compensation to directors based on a comprehensive evaluation reflecting mid/long-term performance contributions, mindful of not basing appraisals on a single year that could over-emphasize short-term contribution to earnings. We believe that it is necessary to constantly review the balance between short-term and mid/long-term incentives, and between monetary and stock based remuneration.
	As above	
	Audit Committee Shinichi Saito	The Audit Committee, as an institution that functions as a part of a supervisory role of the Board of Directors, shall audit the execution of the duties of executive officers and directors to establish a first-class corporate governance framework that enables sound and sustainable growth of the Group and fulfil its civic obligations. To that end, our audit we aim to collaborate with the Board of Directors, other committees and internal audit functions, to assess whether the construction and operation of the Group's internal control framework is carried out with efficiency and effectiveness from the viewpoint of overall optimization. We will also keep a close eye on nurturing healthy, fair-minded values and corporate culture that are the foundations of corporate governance.
	Ernst & Young Transaction Advisory Former Representative Director and CEO	
	Risk Committee Mikio Araki	In considering our group's risk governance, which is built on the trust and confidence of our clients cultivated as a specialized trust bank, should aim to fulfill the expectations from our clients, shareholders, and society based on our characteristics and scale. The Risk Committee shall endeavor to foster a risk taking and management culture in our group to ensure that our group is trusted and can sustain growth in the future. To this end, it is important for this Committee to hold honest and open discussions that fully incorporates the viewpoints of external members and convey the results to the Board of Directors to contribute to in-depth discussions at the Board Meeting.
	Development Bank of Japan Inc. Former Deputy President (Representative Director)	
	Conflict of Interest Management Committee Hideki Kanda	This Committee, which has the dual-theme of conflict of interest management and fiduciary duty oversight, is unique in the financial industry. In pursuit of uniqueness as a specialized trust bank group, and to nurture further credibility from our clients, we need to tackle these themes as management. At the same time, to become an industry leader in these fields, we need to have foresight and hold vigorous but constructive dialogue on how trust business should be run, with added perspectives from outside members.
	Prof. Emeritus, Univ. of Tokyo Professor, Gakushuin Univ. Law School, Member, Gov. Financial System Council	

Fiduciary duties / Conflicts of interest / Stewardship Code

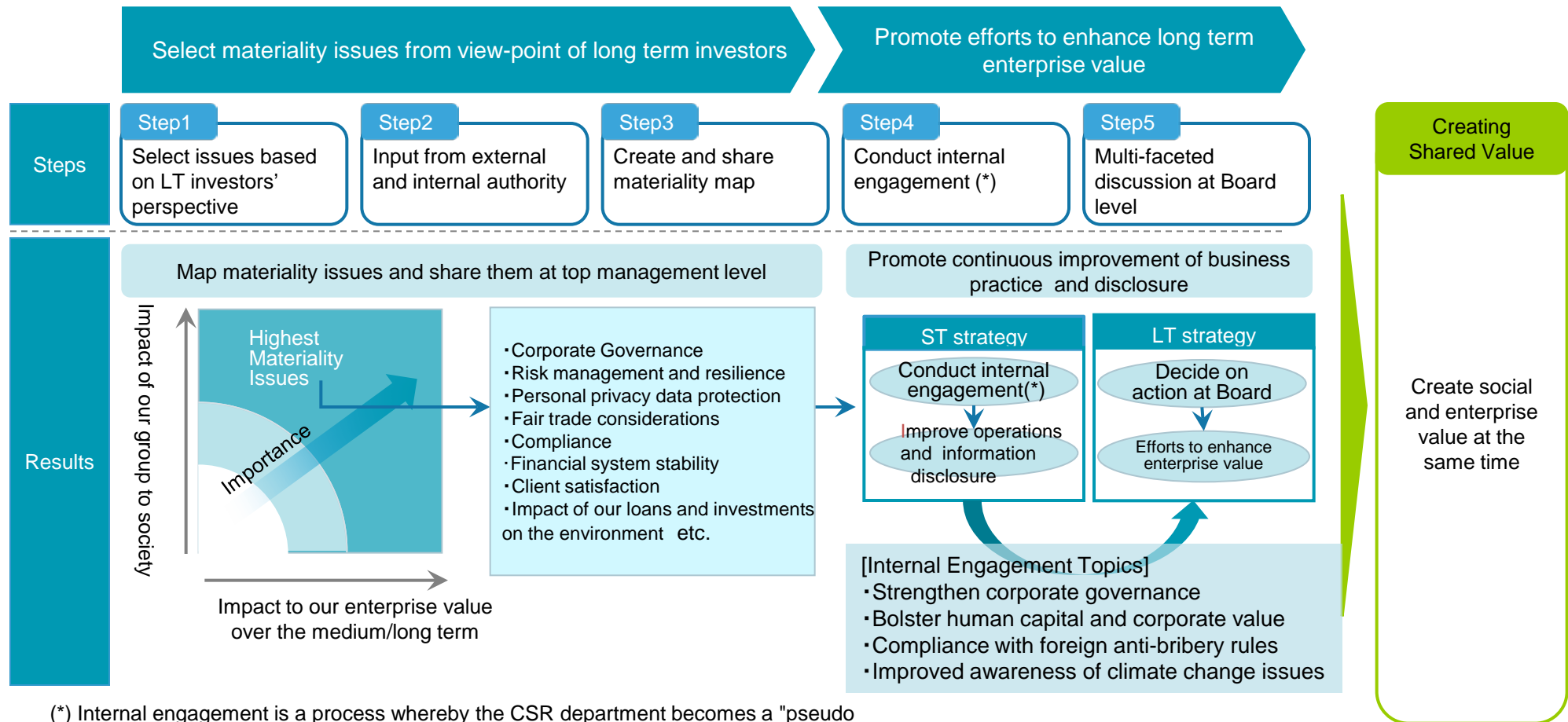
► Based on the review of actual achievements, to clarify priorities and polish our plans and actions

		Ongoing Initiatives	Future Refinements
Fiduciary Duties	Client Explanation	<ul style="list-style-type: none"> ► Easy to understand materials (Fee schedule for investments) ► Training for client contact/explanation 	<ul style="list-style-type: none"> ► Reduce “Information asymmetry” with client (Provide easy to understand product brochure materials)
	Strengthen Control	<ul style="list-style-type: none"> ► Establish guidelines for product explanation ► Staff evaluation to include quality of explanation 	<ul style="list-style-type: none"> ► Further penetration of “Client First” philosophy ► Refinement of FD apparatus utilizing external evaluation agencies for investment trusts
	Enhance value for client	<ul style="list-style-type: none"> ► Disclose KPI related to “client first” initiatives ► Introduce “Voluntary guardianship assistance trust” ► Broaden “Voice of customers questionnaire” 	<ul style="list-style-type: none"> ► To consider next year’s KPI, review of action plan to bolster client satisfaction ► Analysis of client surveys, reflect comments to products and services
Conflicts of Interest	Organizational Changes	<ul style="list-style-type: none"> ► Segregation of organization/authority regarding institutional AM business ► Conflicts of Interest Committee (*1) / Conflict of Interest Management Enhancement Committee (*2) 	<ul style="list-style-type: none"> ► Smooth and effective proceedings of Conflicts of Interest Committee (*1) ► Enhance transparency of the group’s conflicts of interest apparatus
	Strengthen Control	<ul style="list-style-type: none"> ► Enhance conflict of interest management in areas of AM ► Strengthen product examinations at product pre-release stage 	<ul style="list-style-type: none"> ► Swift response to changes in environment and strategy ► Frontline enhancements through appointment of conflict of interest management manager etc.
Stewardship Code	Voting Action	<ul style="list-style-type: none"> ► Individual disclosure of voting records ► Revision of voting guidelines (more stringent/sophisticated) 	<ul style="list-style-type: none"> ► Rules to handle voting regarding issues such as shareholder proposals ► Further refinement of voting guidelines
	Strengthen Control	<ul style="list-style-type: none"> ► Procedures to handle collective engagement situations ► Preparations to comply with revised Japanese SSC 	<ul style="list-style-type: none"> ► Strengthen engagement with domestic and overseas investors ► Publication of stewardship annual activity report

(*1) SuMi Trust Holdings (*2) SuMi TRUST Bank

ESG effort: Materiality management

- Create a "common value" that simultaneously enhances social value and enterprise value by implementing materiality (important issues) management incorporating the viewpoint of long-term investors who value ESG as the foundation of corporate value creation



(*) Internal engagement is a process whereby the CSR department becomes a "pseudo ESG investor" and dictates improvements in operations and information disclosure through dialogue (engagement) with departments in charge of highly materiality roles

ESG Initiatives : Impact on the environment and society

Individual efforts to achieve objectives that respond to environmental and social needs

Issue	Business perspective	Business / Entity involved	Product/services
Climate change	Promote renewables /energy conservation	Wholesale total solutions SuMi TRUST Panasonic F	<ul style="list-style-type: none"> ▶ Mega Solar Finance ▶ Micro-hydro generation equipment lease
Natural Capital (Bio-diversity)	Risk mitigation of supply-chain natural capital depletion (water/soil/air)	Wholesale total solutions	<ul style="list-style-type: none"> ▶ Environmental rating loans with evaluation of natural capital preservation
Environmentally friendly property	Eco-friendly building / Smart city	Real estate	<ul style="list-style-type: none"> ▶ CASBEE Certification consultation ▶ Environmentally friendly building consultation
ESG Investment	Integration of ESG factors into stock/bond investments	Fiduciary SuMi Trust AM Nikko AM	<ul style="list-style-type: none"> ▶ ESG Integration ▶ ESG Theme Fund
	ESG related consulting for corporate clients	Stock transfer agency Wholesale total solutions	<ul style="list-style-type: none"> ▶ Consultation services for ESG reporting ▶ ESG assessment services for investors
Super-aging society issues	Business opportunities utilizing the network with nursing care businesses	Retail total solutions Real estate Wholesale total solutions	<ul style="list-style-type: none"> ▶ Proposals for effective use of property ▶ Consulting for nursing home operators ▶ M&A assistance
	Assistance for affluent seniors to improve QOL	Retail total solutions SuMi TRUST Realty	<ul style="list-style-type: none"> ▶ Hosting of Silver College ▶ Proposal for relocation possibilities ▶ Trust products catering to dementia risk

ESG Related Activities



UNEP Finance Initiative



Principle for Responsible Investment (PRI)



Equator Principles



Natural Capital Finance Alliance



UN Global Compact



21st Century Finance Principles for Sustainable Growth

Status of ESG related indexes incorporated into our investment policy

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



FTSE4Good



FTSE Blossom Japan



2017 Constituent
MSCI ESG
Leaders Indexes



2017 Constituent
MSCI Japan ESG
Select Leaders Index



2017 Constituent
MSCI SRI Indexes

Human resource policy

- ▶ SuMi TRUST Group's version of work style reform with "diversity", "health, productivity" and "rewarding work environment" as its pillars to be accelerated through strengthening of two-way communication between employees and management in line with "Declaration of Work Style Reform"

Actual results for 1HFY2017

Diversity

- ▶ Expand annual leave system to allow diverse work styles (Long term leave to cater for overseas posting of spouse etc.)
- ▶ Promote childcare holidays to be taken by male staff
- ▶ Alleviate gender gap by appointing female managers (Target 300 senior managers, 280 current appointments)

Health, Productivity

- ▶ Almost all employees overtime is now in compliance of designated limit (80 hours / month). Ensure minimum interval (9 hours) between work-days
- ▶ Business process reform and infrastructure improvement to assist productivity enhancement (introduction of new client visit support system, new administrative workflow model at branches, personnel evaluation system introduced)
- ▶ Quit smoking support and education, elimination of smoking rooms (October 2018)

Rewarding Work Environment

- ▶ Boost challenges to unexperienced work by hosting divisional seminars to explain various trust businesses
- ▶ Establish divisional business councils to hold discussions between labor union representatives and executive officers in charge of business divisions
- ▶ Feedback process to respond to low score items reported in employee awareness survey by introducing policies to address the issues

Plan for 2HFY2017 and beyond

[2HFY2017]

- ▶ Expand policies for assistance of life-work balance (hospitalization, nursing / childcare)
- ▶ Promote awareness/acceptance of male childcare leave
- ▶ To achieve 300 female senior manager appointments, nurture candidates systematically
- ▶ Gold medal in LGBT awareness evaluation "Pride Index" (*)
- ▶ Join "Iku-Boss Corporate Alliance" (Iku-Boss = male supervisors taking childcare leave)

[Beyond FY2018]

- ▶ Expand long term leave benefits (*) SuMi TRUST Bank

[2HFY2017]

- ▶ Business workflow process reform and productivity improvement familiarization
- ▶ Preparation education for elimination of company smoking rooms (October 2018)

[Beyond FY2018]

- ▶ Infrastructure upgrade to achieve productivity improvement (Head office WIFI LAN) Slimdown meeting materials

[2HFY2017]

- ▶ Expand divisional work seminars
- ▶ Enhance two-way communication between employees - management (Feedback process to respond to low score items reported in employee awareness survey to be continued, CEO and other top management to lecture at corporate training sessions about current management issues to foster familiarity)

Midterm Management Plan (Initially published in May 2017)

Changes to the external environment surrounding trust banks

Due to prolonged low interest rate environment and unstable international financing situation, lending business is facing increasingly stronger headwinds

However, in a mature economy, increasing demand in areas such as diverse investment requirements, safe and trustworthy asset transfer between generations, means that there are growth opportunities in areas that trust banks could deploy its business functionalities

NIRP

Interest margin compression

Increase in foreign currency funding cost

Decrease in profitability of overseas assets

Increase in USD interest rate

Cautious market business management

Lending/investment businesses (including bond investments in Global Markets) facing headwind

Trust related businesses, fee businesses have room for growth

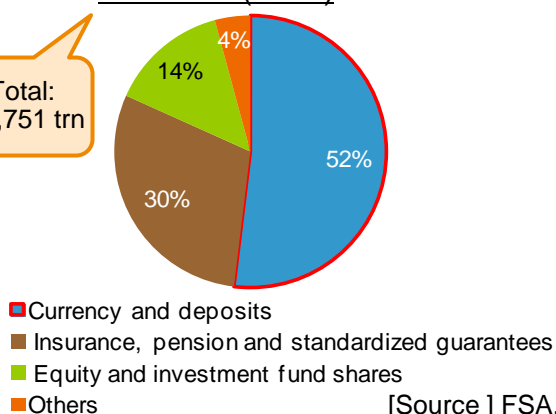
To utilize asset management/administration functions

Increase in opportunities to assist asset formation and inter-generational asset transfer

To utilize asset transformation functions

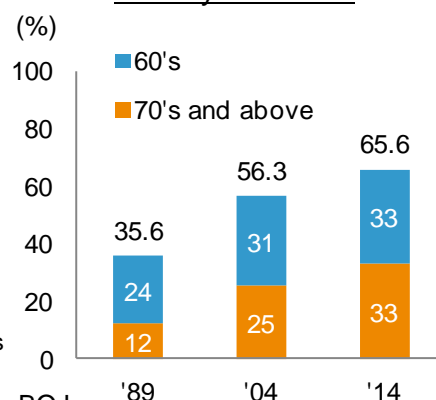
Increase in opportunities to meet various risks/investment expectations

Household financial asset allocation (2016)

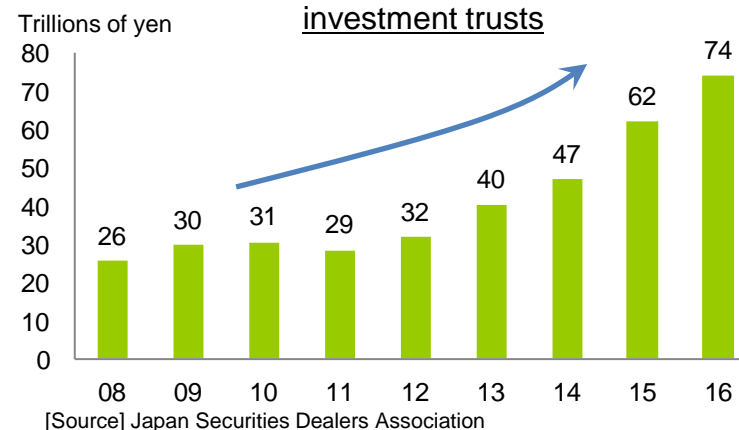


[Source] FSA, BOJ

Ratio of household wealth held by over 60's



Net asset value of private investment trusts



[Source] Japan Securities Dealers Association

SuMi TRUST's mid to long term goal

To achieve sustainable and stable growth through business model transformation

Our goals and initiatives

Pursue growth through strengthening our edge as the sole specialized trust bank group

- ▶ Further strengthen fee businesses
Accelerate growth to become undisputed No.1 in asset management / administration business
- ▶ Pursue B/S efficiency and profitability
- ▶ To become client's best partner overwhelming our competition with our total solution proposal capability
- ▶ Expand business base through alliance strategies leveraging the group's independent status

Strengthening of cost competitiveness

- ▶ Pursue cost efficiency at all group companies
- ▶ Pursue economies of scale through alliance strategies

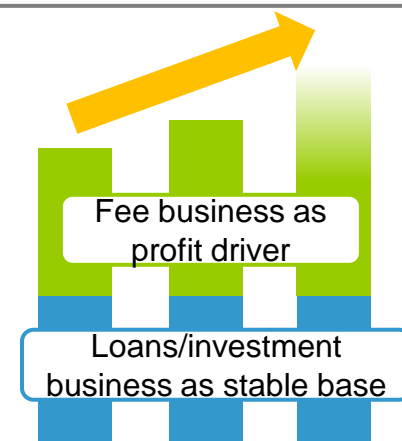
Capital policy conforming to our business model

- ▶ Cognizant of the balance between investment opportunities and shareholder equity return, enhance shareholder return in the medium term

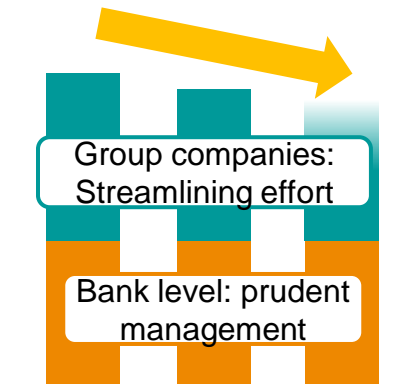
Strengthen effectiveness of governance and enhance fiduciary duty

- ▶ Segregation of oversight and management execution
- ▶ Firm progress on business model reform
- ▶ Enhance Fiduciary Duty awareness and conflict of interest management

Profit Trajectory

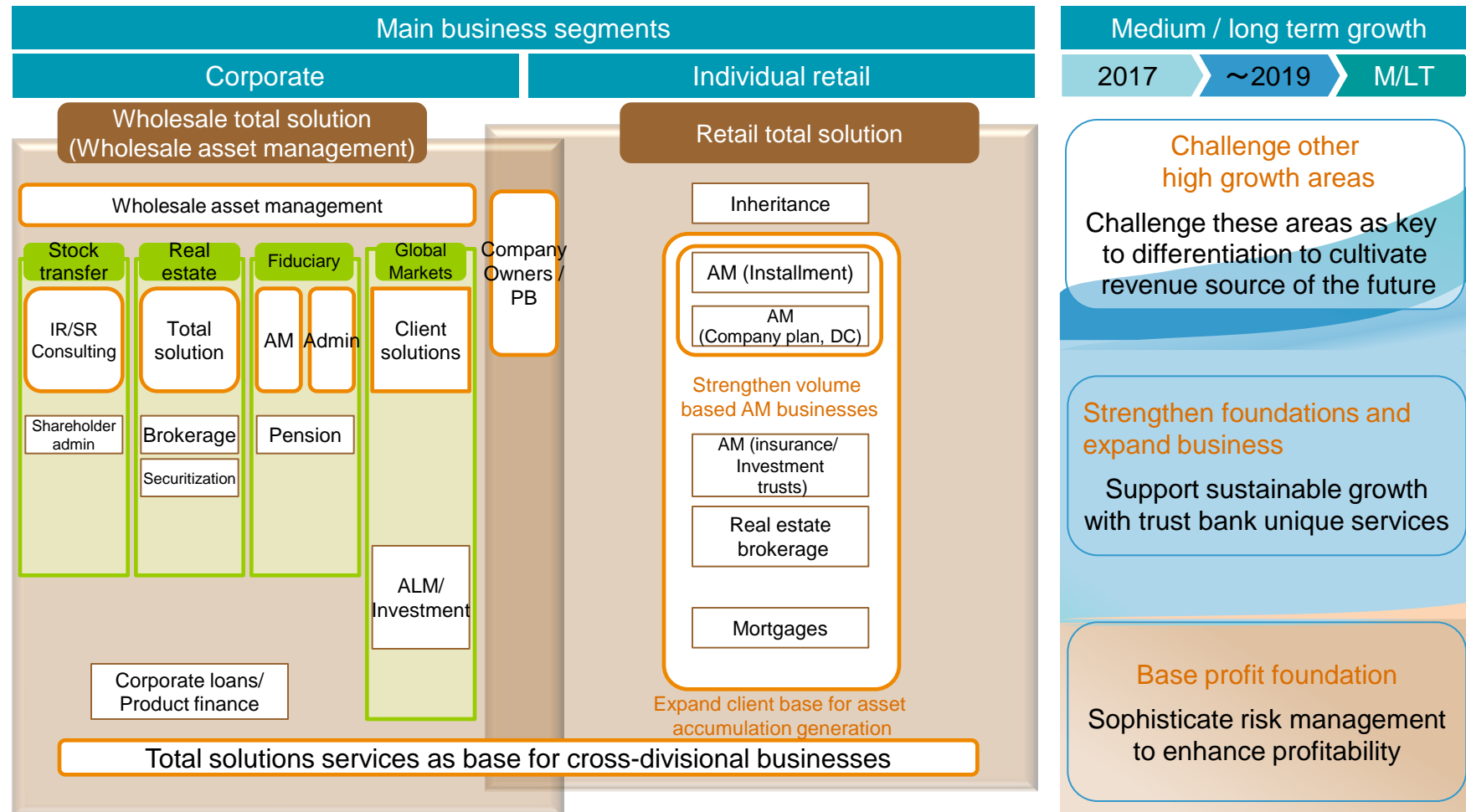


Expenses Trajectory



Business model transformation: Overall picture of individual business strategy

- To grow both in areas where we can leverage the strengths and uniqueness of trust banks, and in areas that will serve as a stable earnings base to support the reformation period



Total solution model

Goal

- ▶ Brush up the ability of marketing officers to devise an ideal solution to the client's problems and needs in conjunction with the client
- ▶ Be the best partner working closely with the client to solve their problems by making use of expertise and diversified functions

Individual clients

Solution suited for different life stages

Corporate Clients

Bespoke solutions for management style, industry and size

Relationship manager with clients

Retail total solution services

Wholesale total solution services

Wholesale asset management

Continuous improvement of specialized services

Joint effort to provide client oriented proposals

Fiduciary

Real Estate

Stock Transfer

Global Markets

Business divisions with wide-ranging specialized knowledge

SuMi TRUST Group

“Best Partner” for our clients

Total Solution Objectives

- ▶ To accurately grasp current and potential needs of our clients
- ▶ Propose a diverse range of products and services as the best solution for clients, to solve their problems as their partner



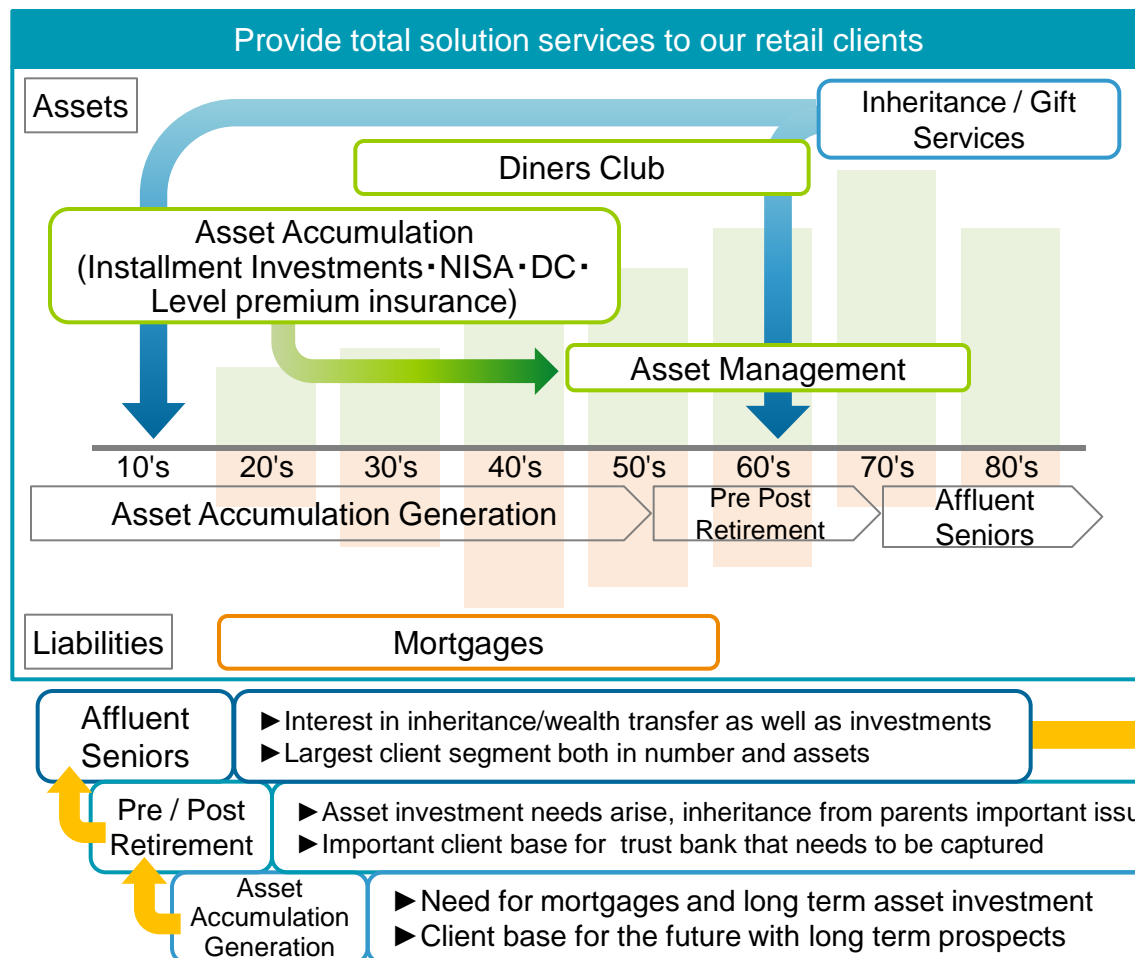
Positioning of Business Divisions

- ▶ Offers a wide range of highly specialized products and services indispensable for providing total solutions
- ▶ Joint effort to create client-oriented solutions, embodying them in products and services

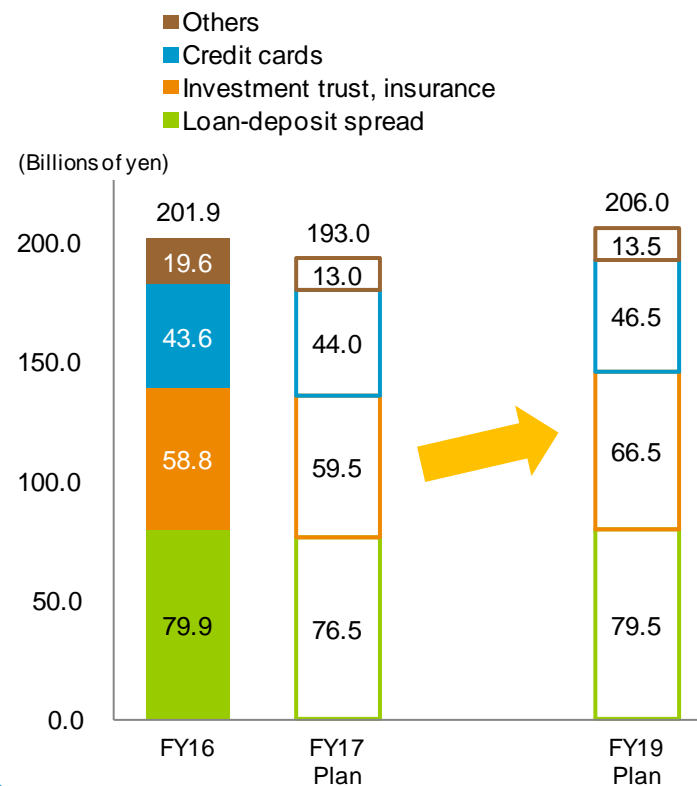
Retail Total Solution Business: Outline

Mid to long term goal Business objective

- ▶ To become a "client's best partner" that provides total solutions according to each generations' asset and liability characteristics
- ▶ Promoting the shift from "savings to investment" by providing easy to understand but sophisticated investment opportunities
- ▶ Assume the role of supporting safe and secure transfer of assets between generations by utilizing our trust services



Growth in business profits

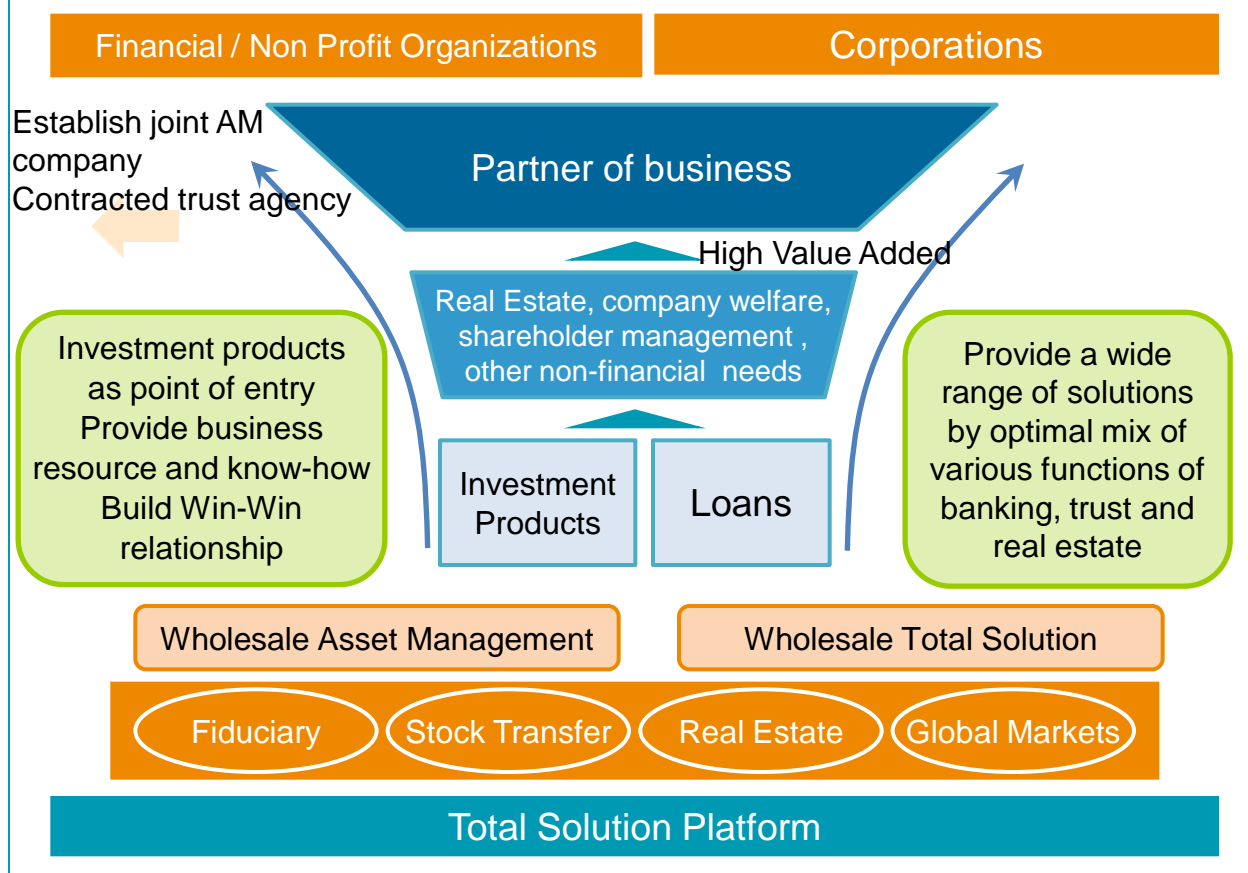


Wholesale business strategy: Outline

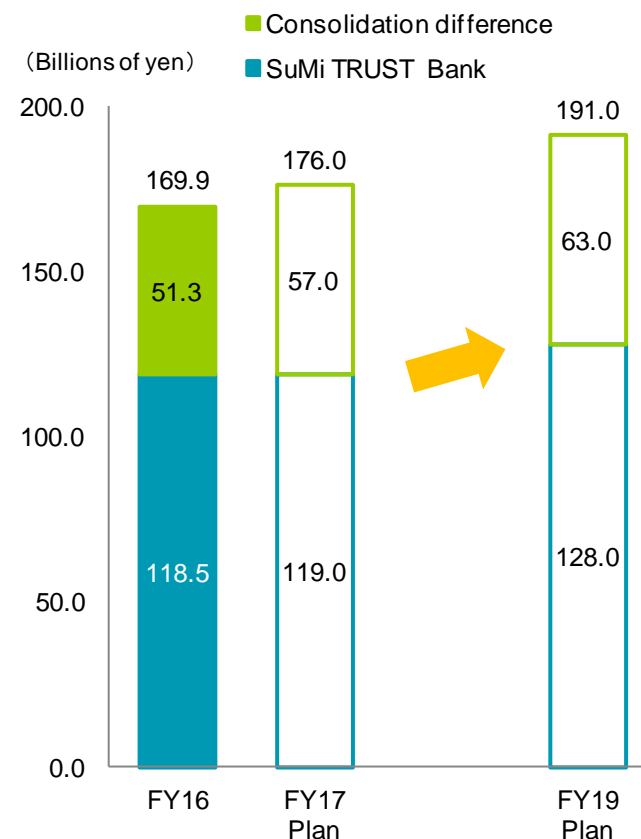
Mid to long
term goal
Business objective

- ▶ Wholesale total solution : To enhance enterprise value of clients, provide solutions utilizing expertise of banking, trust and real estate to solve management / financial issues related to liabilities, assets and capital
- ▶ Wholesale Asset Management : Separate wholesale asset management business arising from investment needs. Pursue wide range of high value added services, also to become a partner in business

Overview of Wholesale business



Growth of gross business profit



Expense plan

- ▶ Streamline and improve efficiency as a group, and pursue economies of scale with external parties to overhaul our cost structure
- ▶ At the same time, we shall aim to reduce our OHR (overhead ratio) to 55% to 59% range, restraining total expenses by implementing an expense strategy that prioritizes growth areas

Policies to restrain overall expenses

Cost control and reduction at group level

- ▶ Group-wide assessment of efficiency and return on investment of IT investments etc. to improve efficiency of these investments
- ▶ SuMi TRUST Holdings will lead a group-wide effort to review other expense items in all areas

Pursue economies of scale with external parties

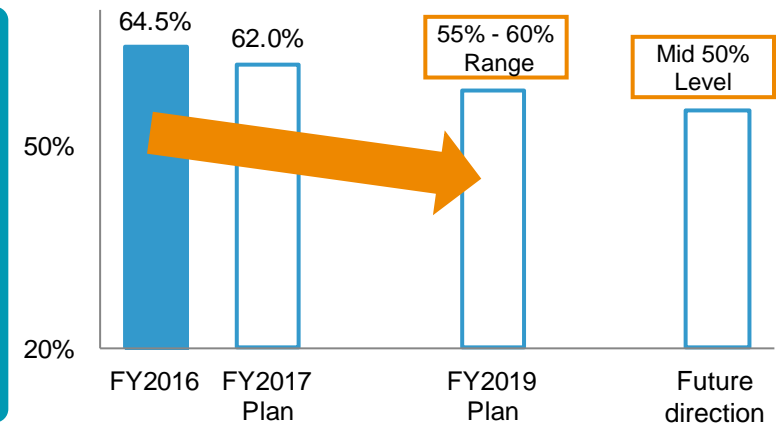
- ▶ Plan to merge asset administration bank
- ▶ Continue to investigate possibilities that could achieve economies of scale in other areas

Expenses planning with defined priorities

- ▶ Implement an expenses strategy that prioritizes growth areas to make effective use of resources

Expenses Plan Trajectory

OHR (Overhead Ratio)



Expenses trend by category (FY2016→FY2019)

HR Expense

- ▶ Improve productivity to maintain current level

General Expenses

IT related

- ▶ Rationalize development / maintenance investment but increase in strategic areas

Other

- ▶ Relocation of group office space etc. to restrain cost as a group

Alliance strategy ~To expand our business base leveraging our neutrality~

Goal

- ▶ Leveraging our neutral status, expand our client base and product lineup through alliances to achieve efficient and speedy growth

Alliances with domestic financial institutions to expand client base

Complement our product lineup/services with specialized know-how of overseas financial institutions

Win-Win relationship with alliance partners



SUMITOMO MITSUI TRUST GROUP

Expertise

Largest AM/Fund Administrator

Services for wide-ranging assets

Know-how for total solution

Client base

Affluent retail clientele

Broad large corporate / pension clients

Provide AM Products

Man Group
Standard Life Investments etc.

Joint development of insurance products

BNP Paribas Cardif

Strengthen product financing

Midwest Railcar Corporation
BSL(*)
Novus Aviation Capital
GreensLedge etc.

Joint investment in AM firm

Japan Post Bank/Japan Post
Nomura Holdings



Bank of Yokohama



Bank of Kyoto



Gunma Bank



TokyoTY Financial Group, Inc.

Broad alliances
(Real estate, inheritance, AM)

Regional Financial
Institutions

Provide services to a broad client base

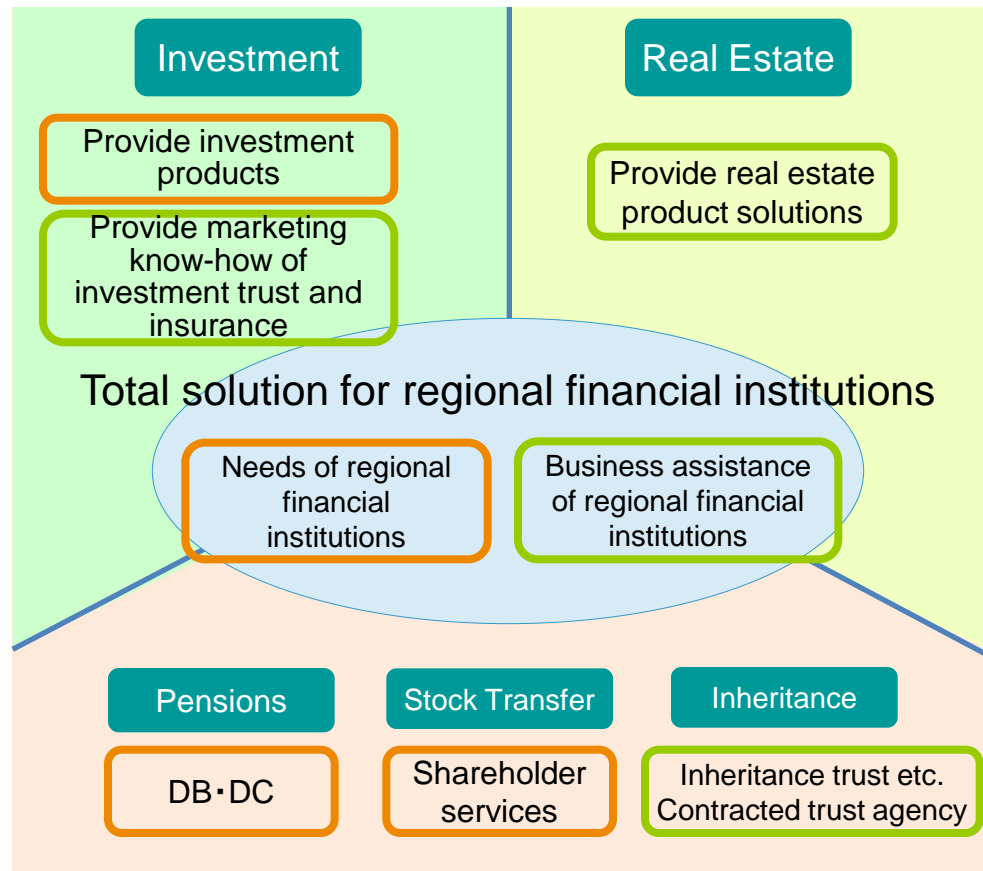
(*) BIDV-SuMi TRUST Leasing



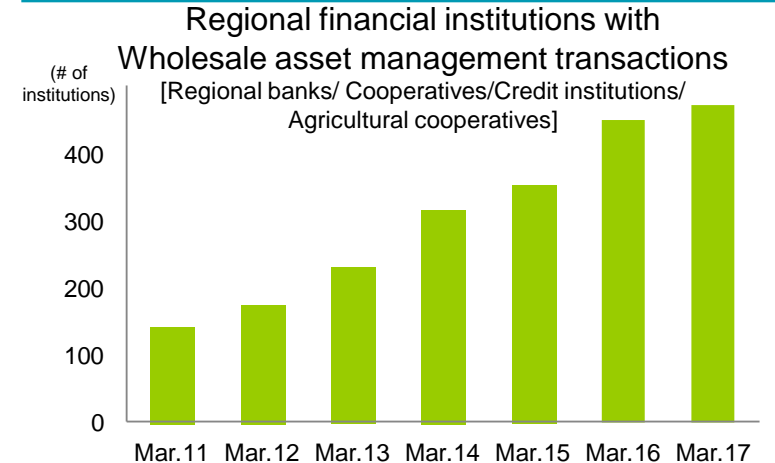
Wholesale Asset Management: Strengthen ties with regional financial institutions

- Offer financial institutions and non-profit organizations not only with investment opportunities, but also total solutions that fully utilize trust bank functions
- Establish Win-Win relationships by strengthening ties with regional financial institutions

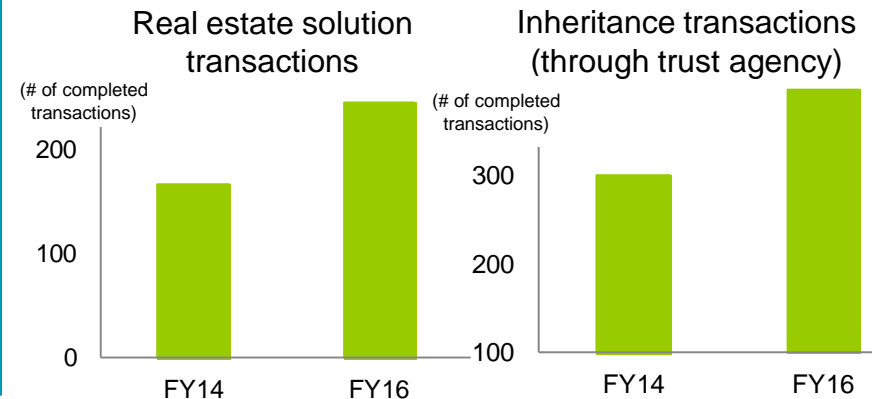
Overview of regional financial institutions' needs and solutions



Expand base of regional financial institutions



Results of partnerships

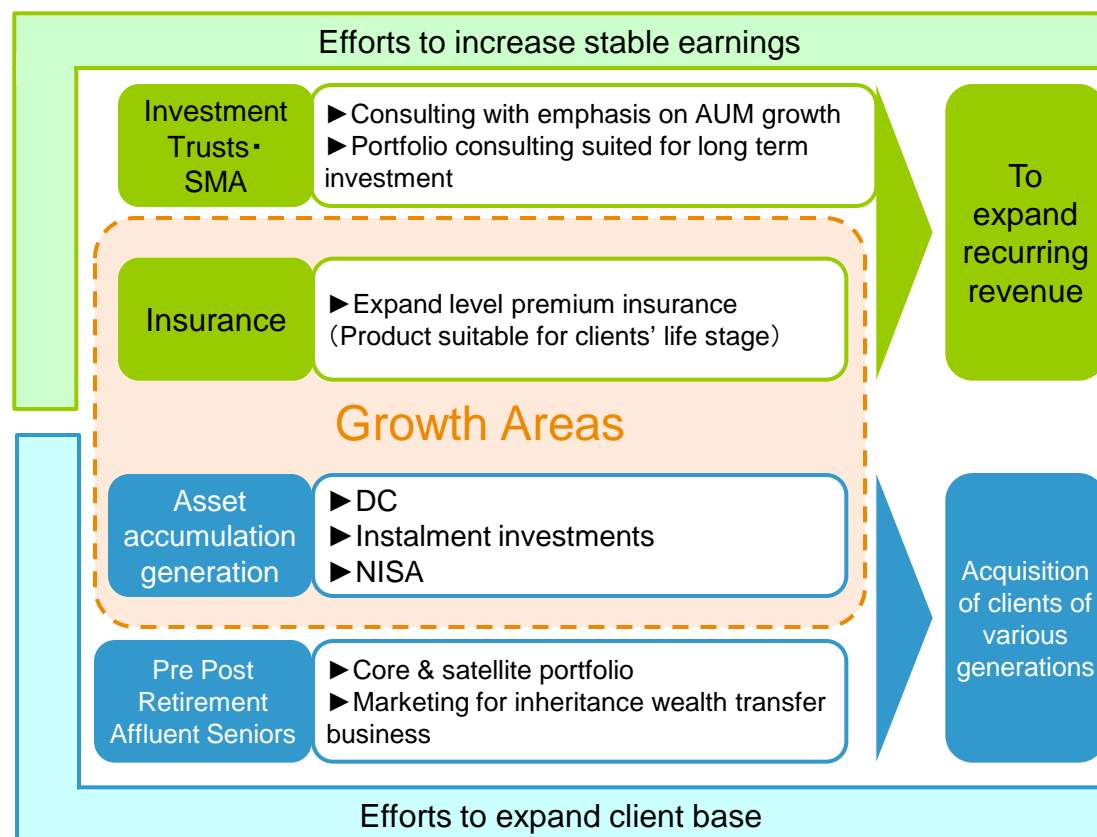


Retail Total Solution Business: Investment management consulting

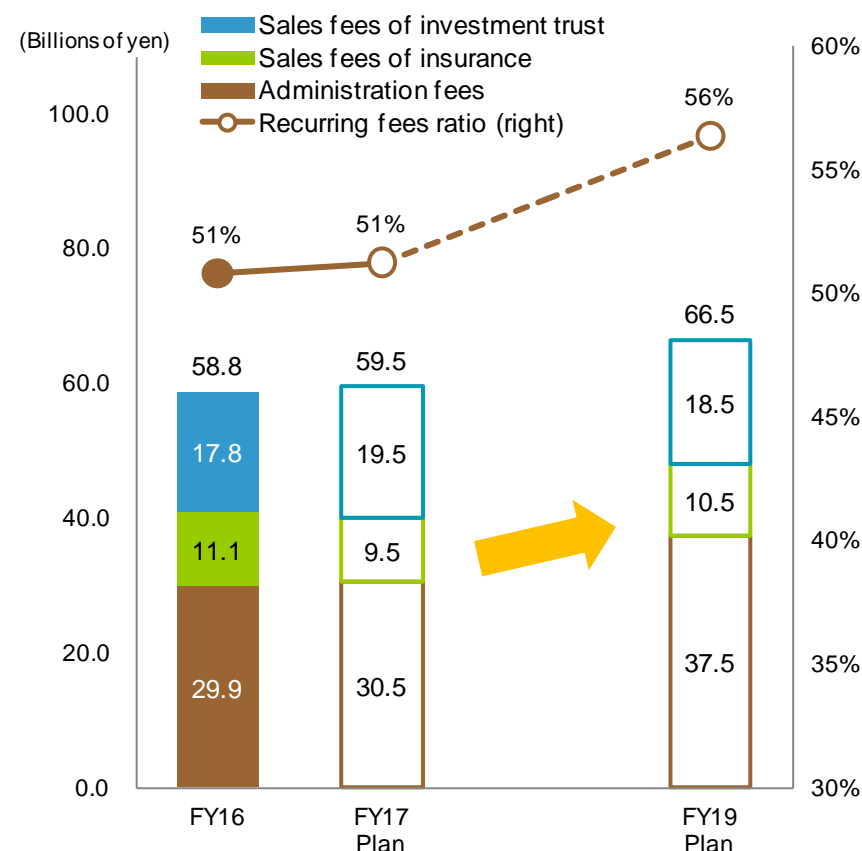
Mid to long term goal

- ▶ Based on client's life plan, to provide bespoke asset management services according to each individual's needs
- ▶ Aim to expand recurring revenue to stabilize profits to support sustainable growth of business
- ▶ Expand insurance business base to widen product lineup to capture client needs

Strategy Focus



Expand stable revenue

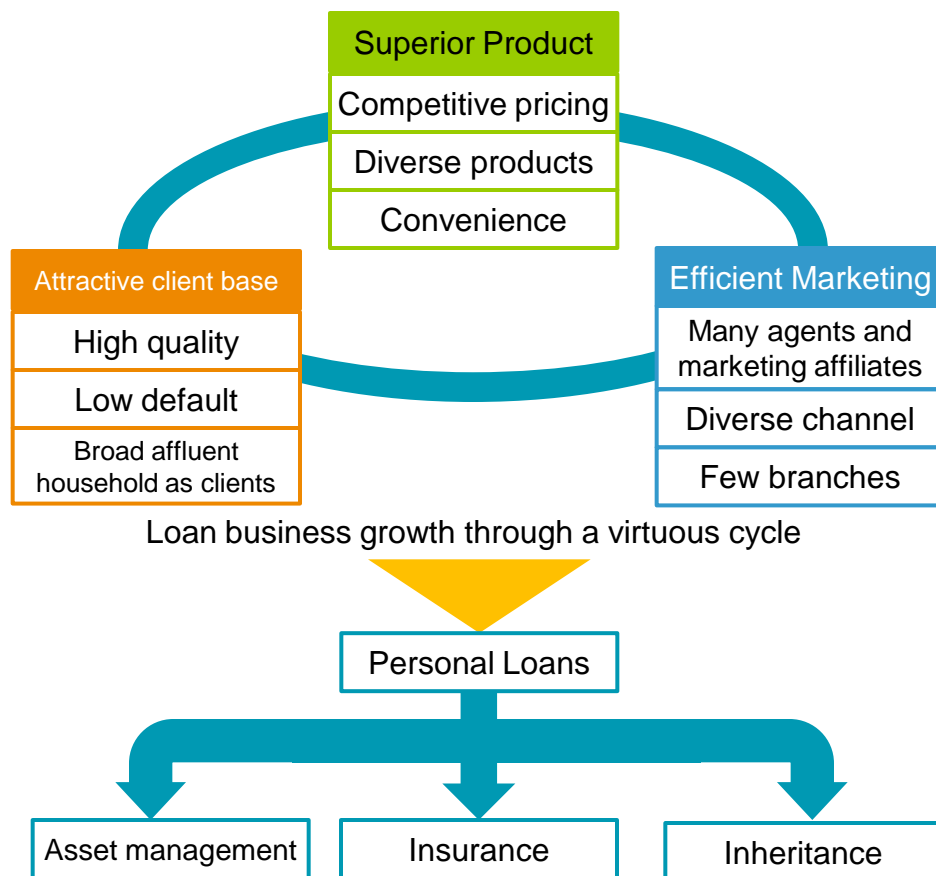


Retail Total Solution Business: Personal loans and mortgages

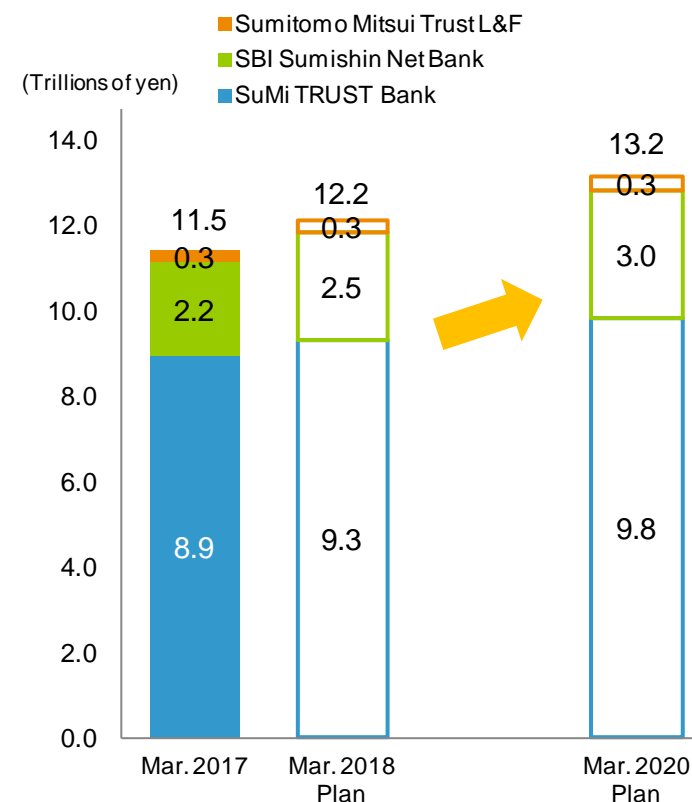
Mid to long term goal

- ▶ Build up high-quality assets with an efficient marketing structure and establish a stable earnings source for the business
- ▶ Evolve into clients' asset and liability consulting services using personal loan transactions as a point of entry

Business model



Personal loan balances



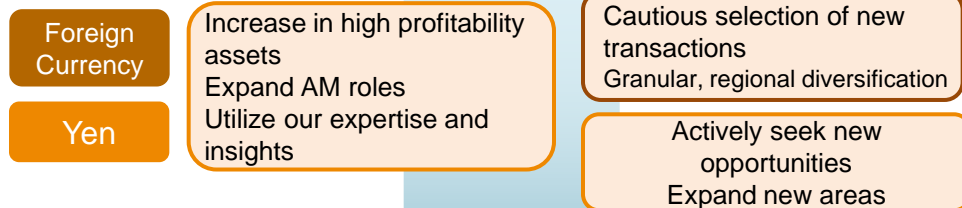
Wholesale Total Solution Business : Reformation of our credit portfolio

Aim of reformation

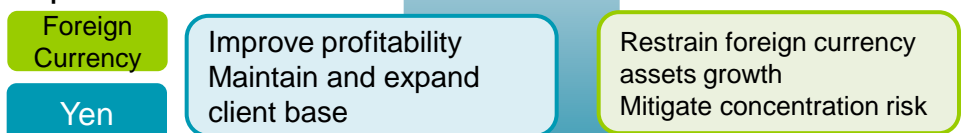
- ▶ Change strategy from balance sheet expansion to maintaining total volume. Construct a lean, profitable portfolio by replacing with higher profitability assets
- ▶ Restrain growth of foreign currency B/S, alleviate downside risk by enhanced management of portfolio risks such as concentration risk

Portfolio construction policy

Profitable product related loan etc.



Corporate loan

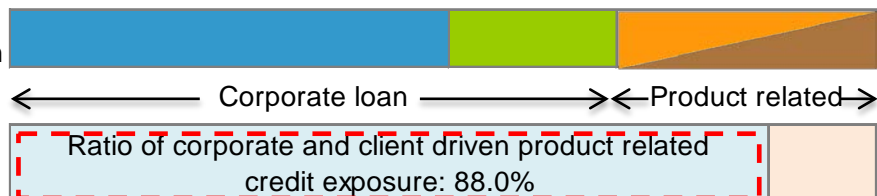


Goal

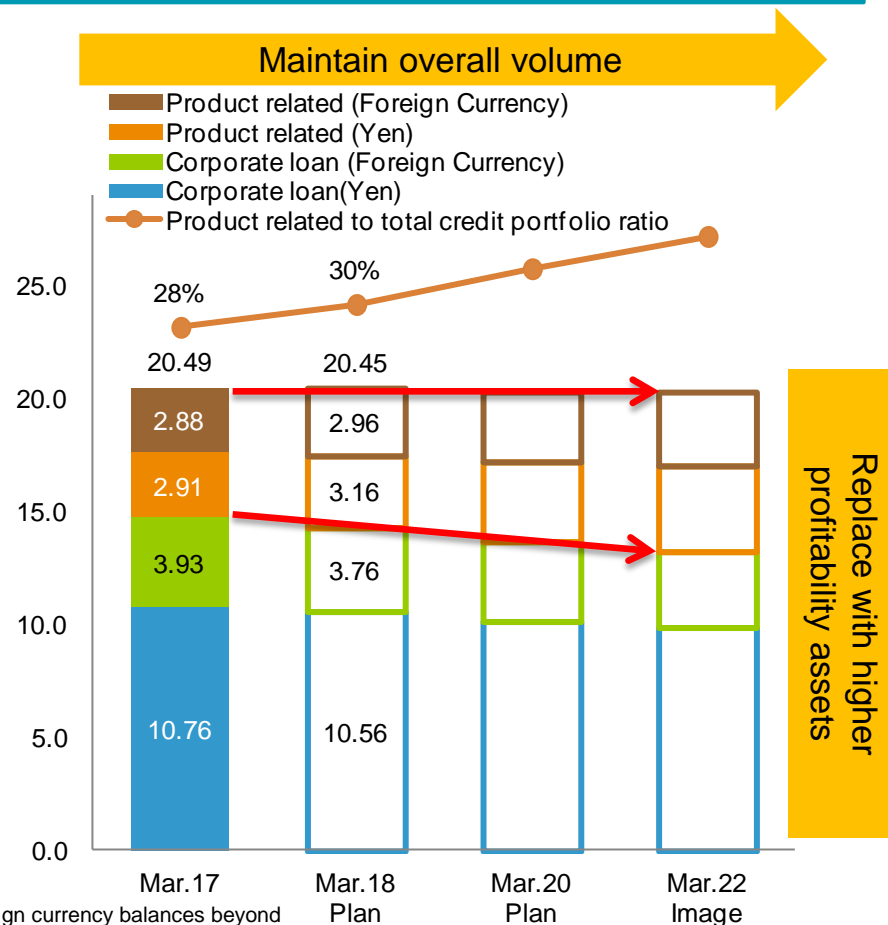
Optimize risk-return

Enhancement of client driven product related loan

Breakdown of
¥20.49trn
[Mar.17]



Corporate credit portfolio trajectory



(*) Foreign currency balances beyond Mar.18 assumes same FX rate as Mar.17

Wholesale Asset Management: Provide investment solutions

- Utilize asset management / administration know-how accumulated as a trust bank, to provide optimal solutions to diversified needs of clients

Our competitive advantage

Investor

Vertical integration from product development, proposal, investment and monitoring

<Consultation>

Provide optimal investment product based on investors' needs

<Sourcing>

Insight of numerous risk taking opportunities and asset classes

<Arrangement>

Utilize trust functions to modify the investment risk profile and structure so that it is acceptable to the investor

<Support>

Risk management, monitoring, investment execution and follow-up

SuMi TRUST Group

Know-how and functionality acquired as a trust bank

Investment / Lending

Asset management Administration

Real Estate

Global Markets

Added value by client segment

Investor Size

Central institutions
(Insurers, National level cooperatives)

Provide bespoke products
Fully utilize trust functions

Regional institutions
(Regional banks, cooperatives)

Joint investment
Provide risk management functions

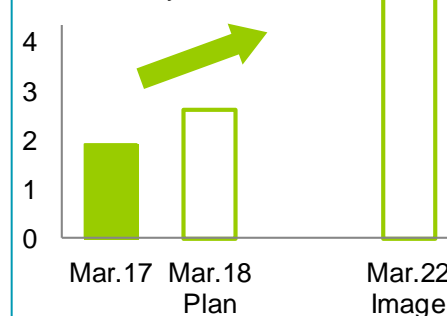
Non Profit
(Schools, Religious institutions, foundations)

Utilize trust functions to create investments that matches the clients' size and needs

Wholesale asset management AUM is increasing steadily

Private investment trusts, PE Strategic products

(Trillions of yen)



Joint money trusts etc.

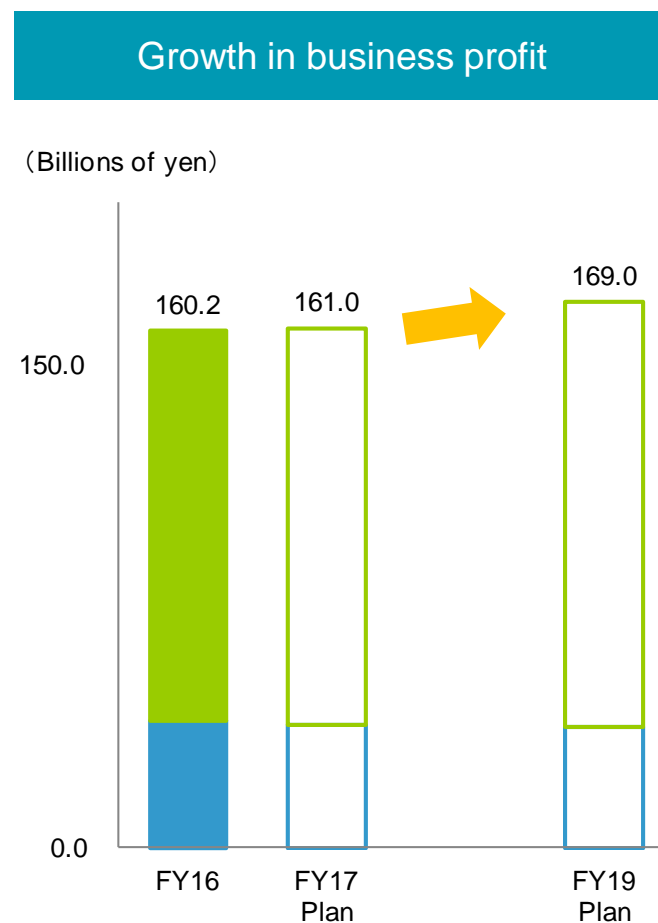
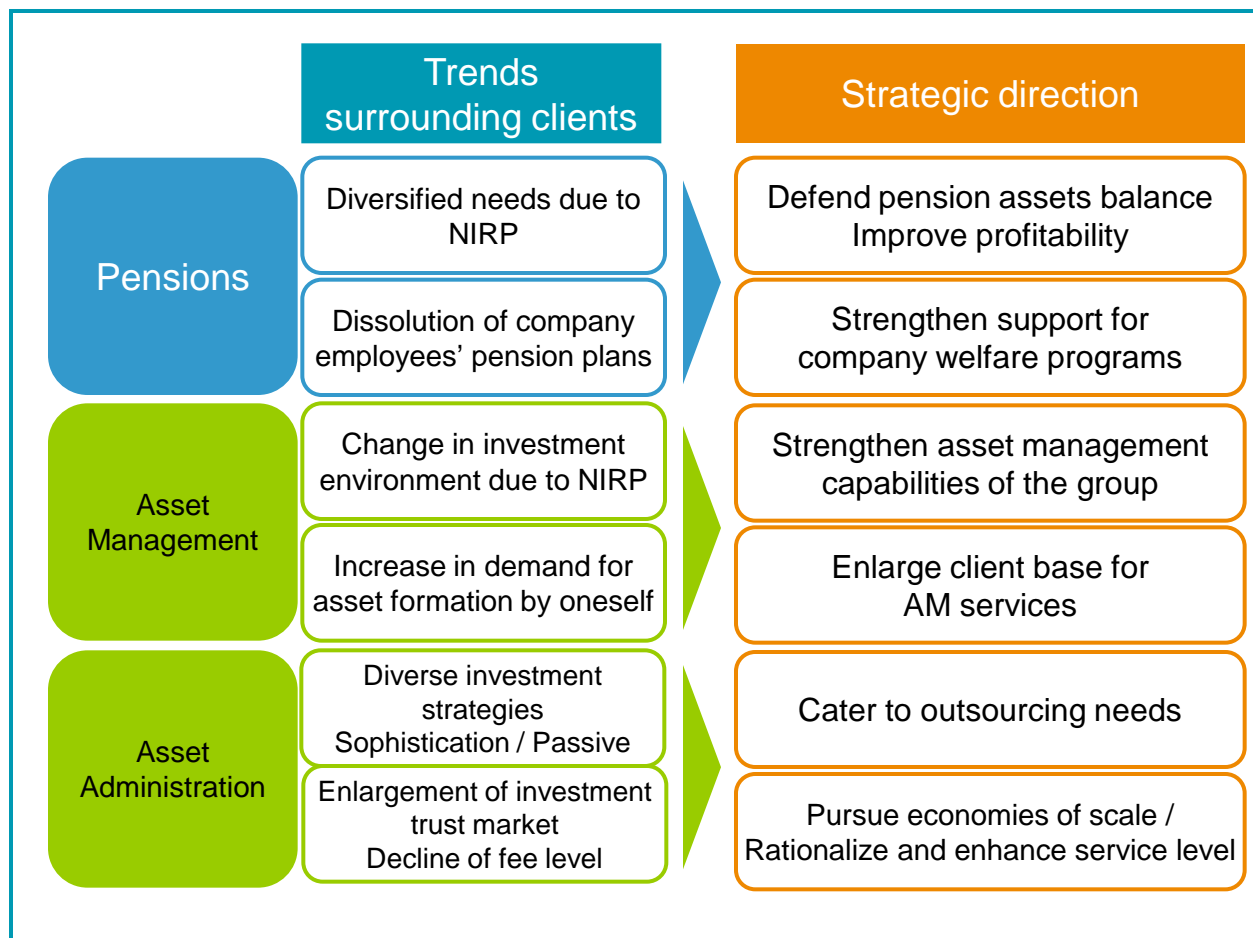
(Trillions of yen)



Fiduciary Business : Outline

Mid to long term goal
Business objective

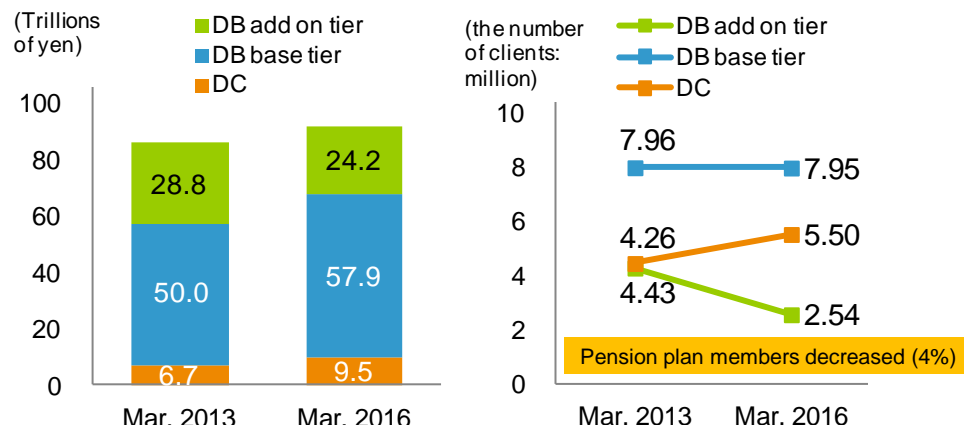
- ▶ As a banking group specializing in trust business, validate our strengths in asset management and administration roles which are core competencies of our trust business
- ▶ Pursue expansion of client base, investment / asset management balance and earnings by advocating "the bank to consult a welfare benefit program", "multi-boutique asset management group" and "evolution of asset management business model"



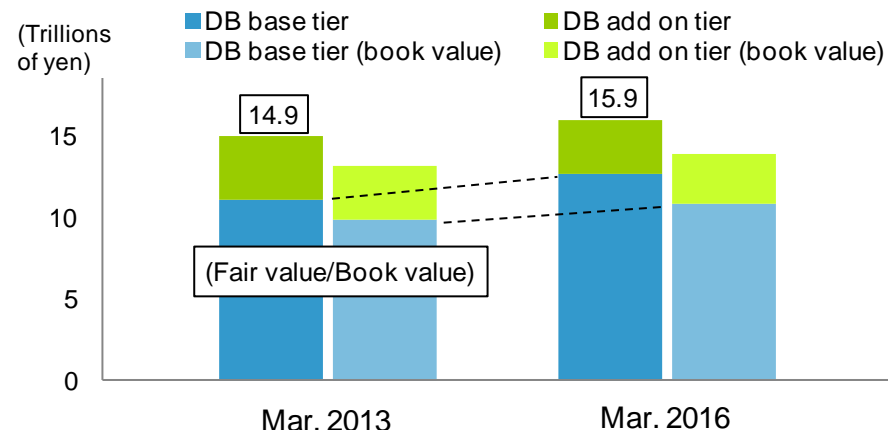
Fiduciary Business: Pensions business

- ▶ Maintain and expand client base and pension balance with proposals that grasps client needs, such as mitigation and reduction of pension financial risk, expansion of welfare benefits etc.
- ▶ Utilizing our strengths that seamlessly integrate pension plan design, asset management, and asset administration, we will endeavor to become the principal point of contact for corporate welfare support
- ▶ In response to the dissolution of the company employees' pensions, assist to preserve the pension system of each company through transition to DB・DC etc.

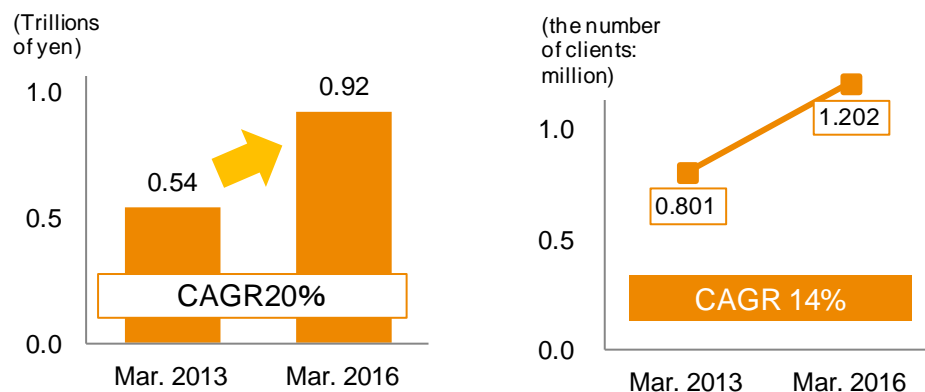
【DB・DC】 Pension assets, Plan members (Entire Market)



【DB】 Balance of pension trusts (SuMi TRUST Bank)



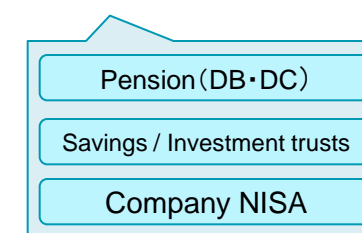
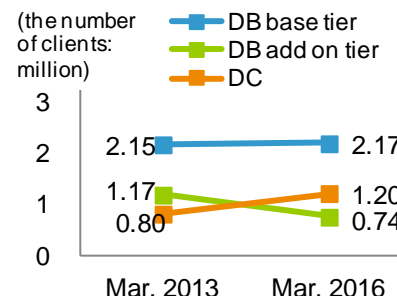
【DC】 DC Investment trusts・Plan members (SuMi TRUST Group)



(*1) DC investment trust balance: combined figures of suMiTAM and Nikko AM
DC Members: SuMi TRUST Bank Administrator

Support for pension plan members

Even after the dissolution of company employees' pension fund, the number of pension plan members is flat due to transition to other eligible plans, supporting corporate welfare and employee's asset accumulation

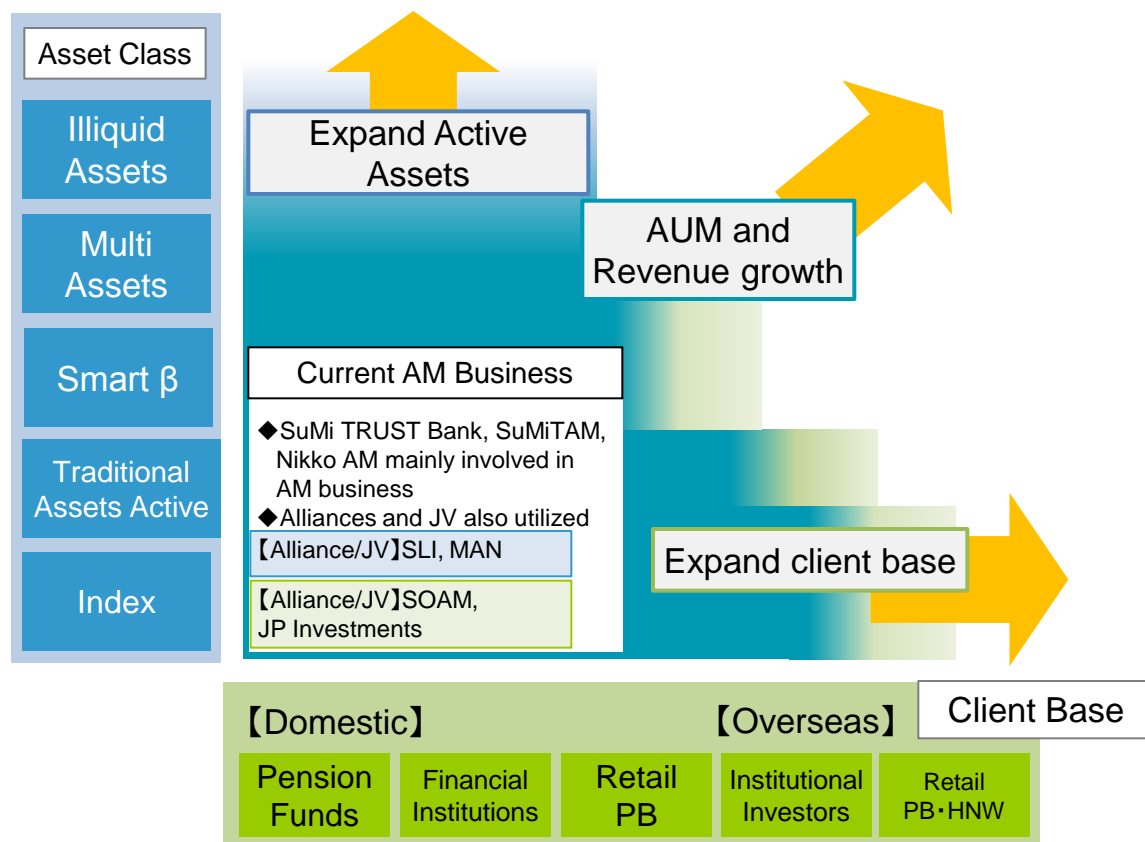


(*2) DB Members: SuMiTB Lead manager
DC Members: SuMiTB Administrator

Fiduciary Business : Asset management

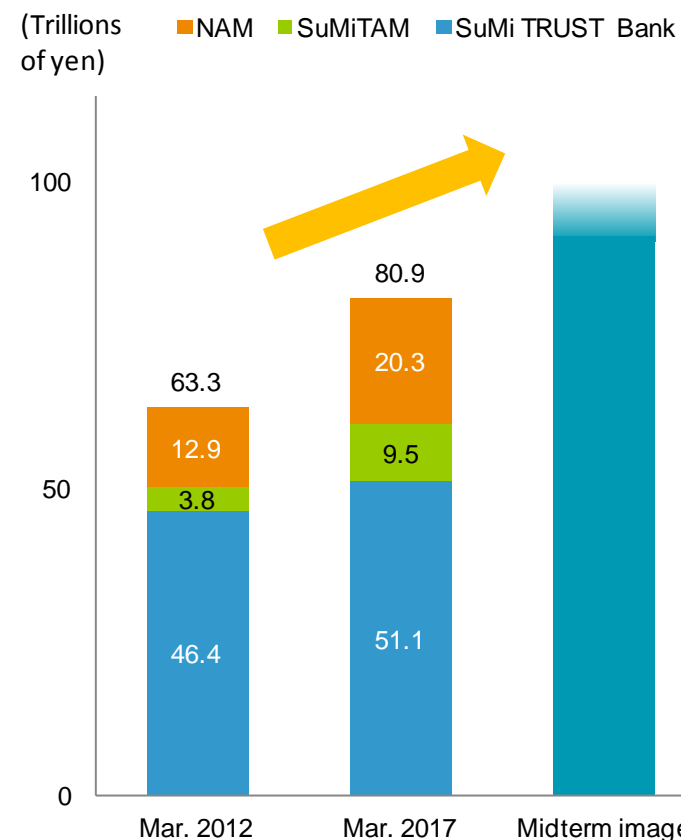
- ▶ Our aim to become a "multi-boutique investment management group" that has diverse investment management companies within the group and grows leveraging their respective strengths
- ▶ Promote the development of an all-weather-type organization that can provide high-quality investment products to meet diverse client needs of a changing age
- ▶ Utilizing alliances and joint ventures, target to establish asset management capabilities and client base that positions ourselves in the global top 20 firms
- ▶ Growth strategy under consideration by merging broad range of trust banking businesses with investment trust (SuMiTAM) which is a growth area

Growth trajectory of "multi-boutique investment management group"



(*) SLI: Standard Life Investment SOAM: Sky Ocean AM

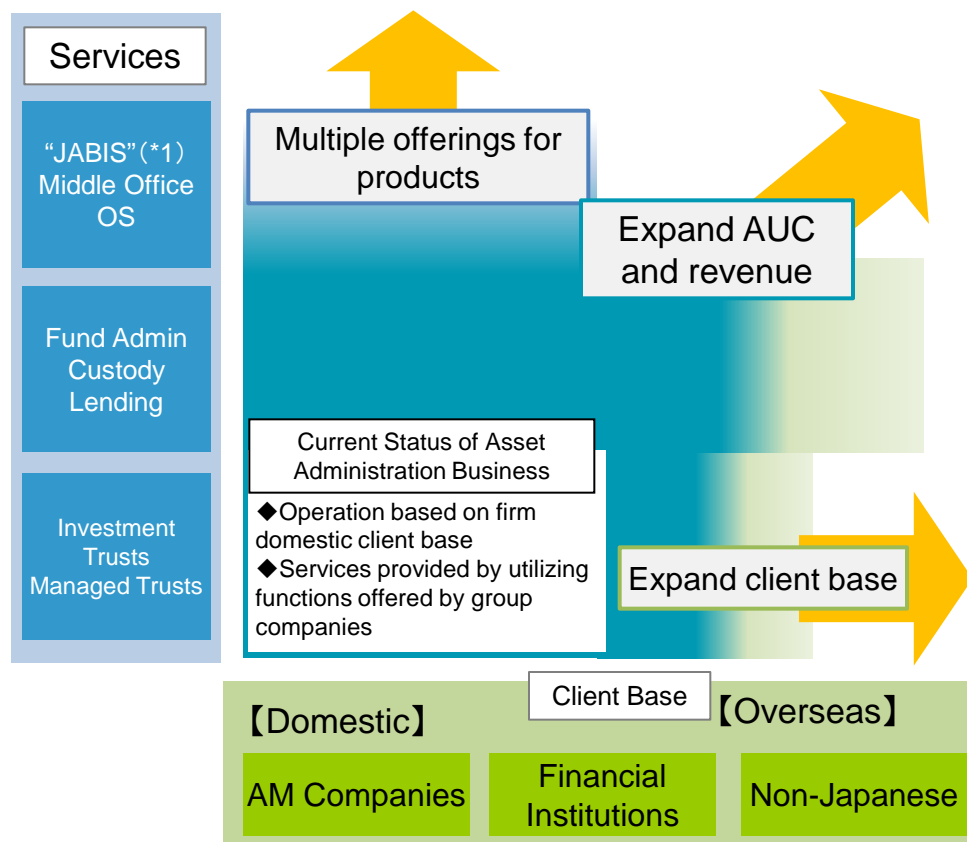
Growth in business profit



Fiduciary Business : Asset administration

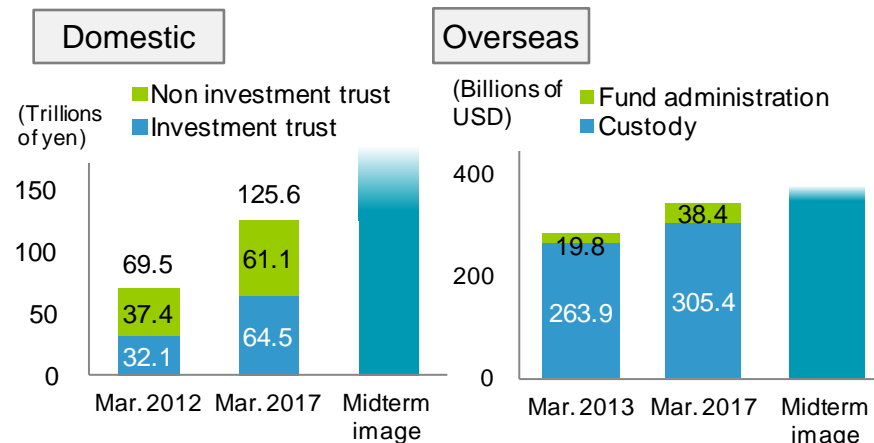
- ▶ To respond to sophistication and outsourcing needs of asset management due to increased diversification and complexity through group collaboration
- ▶ Pursue rationalization and service improvement making use of economies of scale while increasing asset management balance and profit by expanding client base and range of products on offer

Growth trajectory by sophistication of asset administration model



(*1) JABIS: Outsourcing services for middle and back office for AM companies

Growth trajectory of group AUC



Plan to merge our asset administration subsidiary (JTSC)

- ◆ In principle agreement between major shareholders to merge our asset administration subsidiary JTSC with TCSB
- ◆ Utilizing economies of scale, to pursue business rationalization and service enhancement

JTSC

Shareholdings : SuMi TRUST (66.6%), Resona Bank (33.3%)
AUC : 294trn yen (of which trust assets 244trn yen)

TCSB (*2)

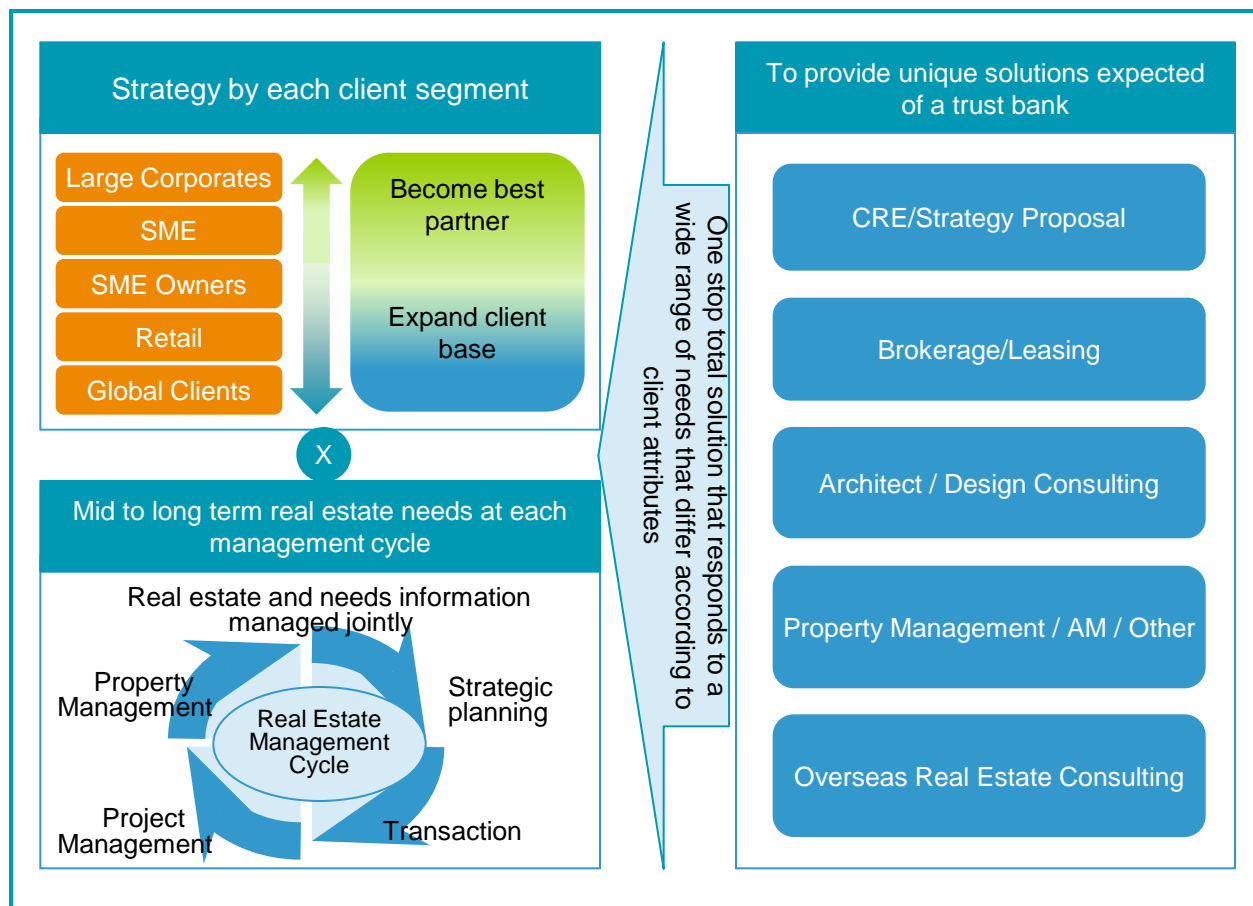
Shareholdings : Mizuho FG (54%), Dai-ichi Life Ins (16%), etc.
AUC : 375trn yen (of which trust assets 135trn yen)

(*2) TCSB: Trust & Custody Services Bank

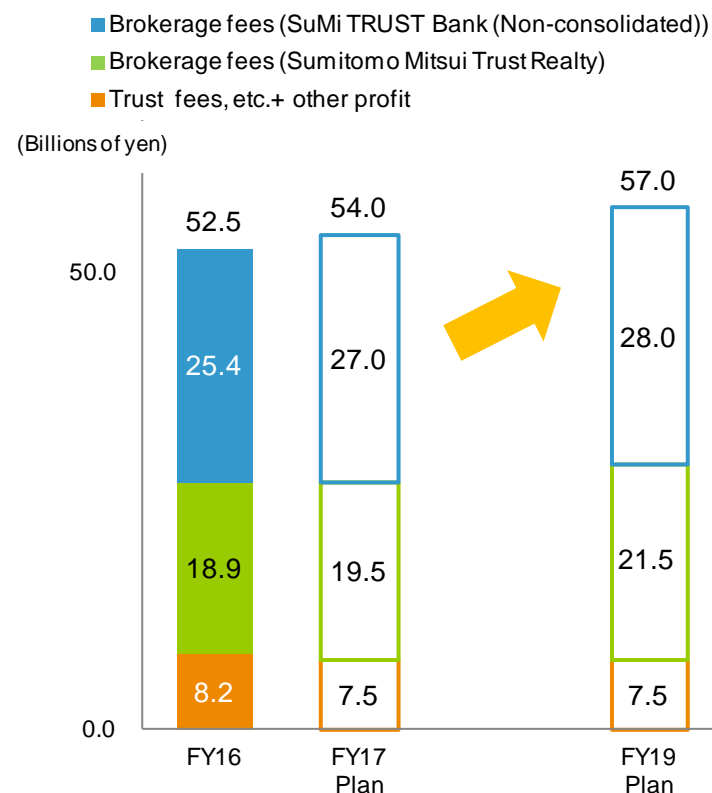
Real Estate Business: Outline

Mid to long term goal
Business objective

- ▶ Capture real estate needs arising from each stage of its life cycle, converting flow income into a stable income
- ▶ Provide “one-stop” solutions that is made possible by a trust bank’s multiple capabilities



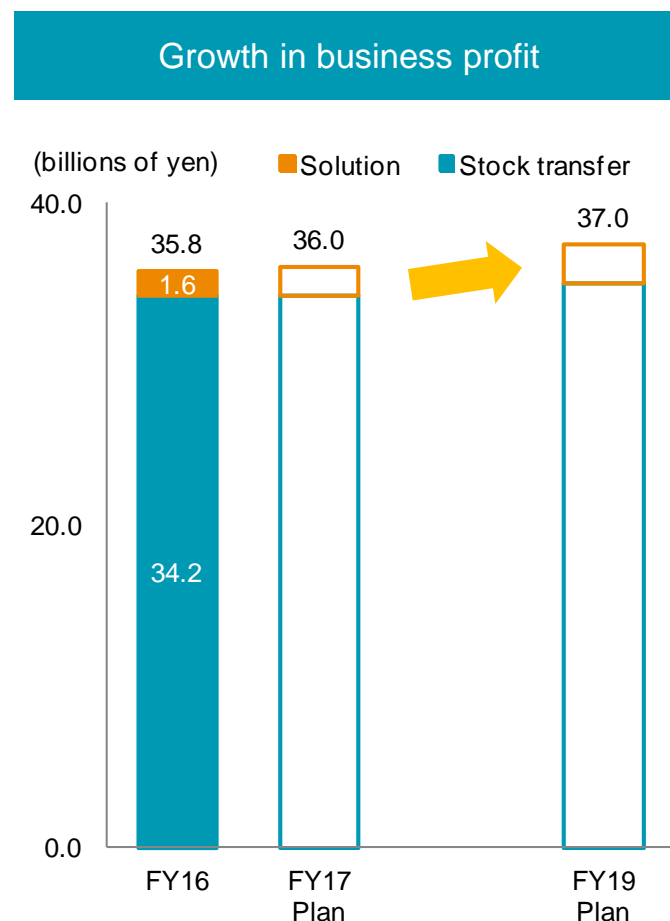
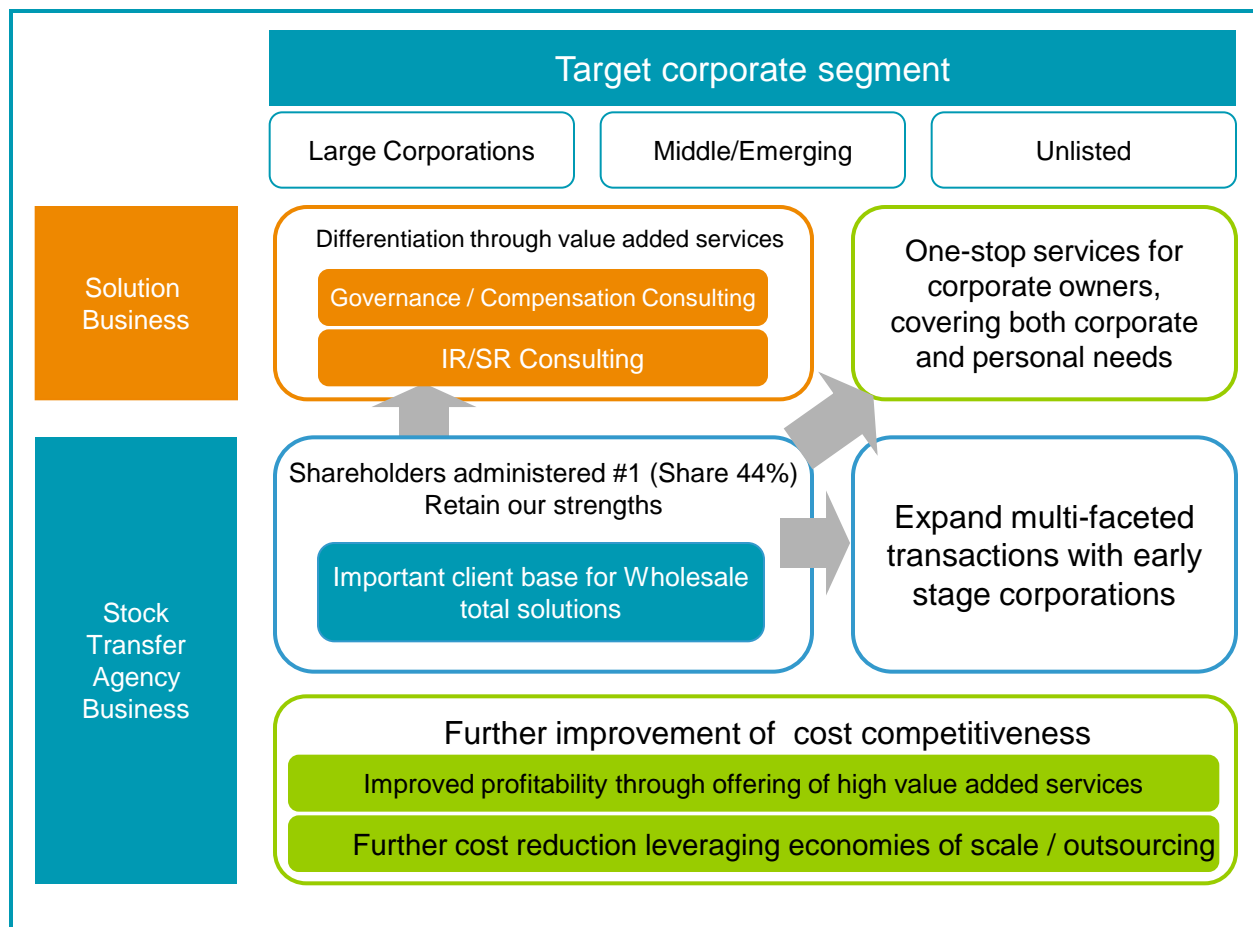
Growth in business profit



Stock Transfer Agency Business: Outline

Mid to long term goal
Business objective

- ▶ Broaden client base; number of managed shareholders / entrusted companies to be outstanding No. 1 in the industry
- ▶ Provide solutions with high added value. Expand corporate total solution transactions, strengthen profitability



Global Markets : Outline

Mid to long term goal Business objective

- ▶ Cautious management of U.S. Treasuries investments as hedging instrument for strategic shareholdings and credit investments
- ▶ Aim for stable revenue growth through enhanced client solution services and diversified investment strategy

Current market status

Possibility of lower negative correlation between US Treasuries and Japanese equities

Less leeway for interest rate decline as U.S. interest rates enter tightening phase

Lack of investment opportunities as low yen interest rate environment continues



Future Direction

Financial operations

- ▶ Cautious management of hedging strategic-shareholdings with investment in U.S. Treasuries
- ▶ Hedging operation of strategic shareholdings to continue
- ▶ Provide solutions to other business divisions

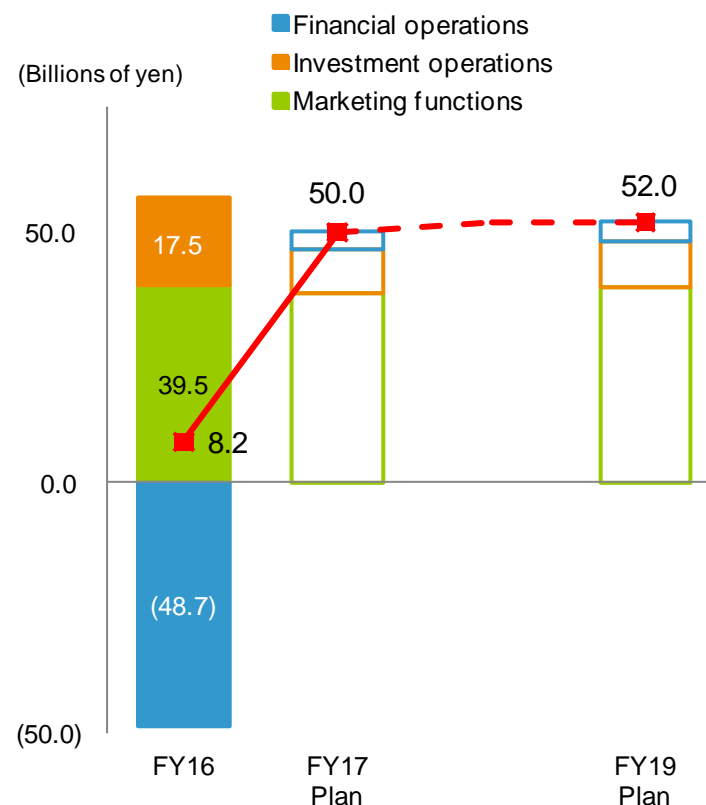
Investment operations

- ▶ Secure stable income through diversification of investment strategy
- ▶ Commercialize proprietary investment know-how

Marketing functions

- ▶ Enhance solution offering capability to clients' ALM and volatility management needs

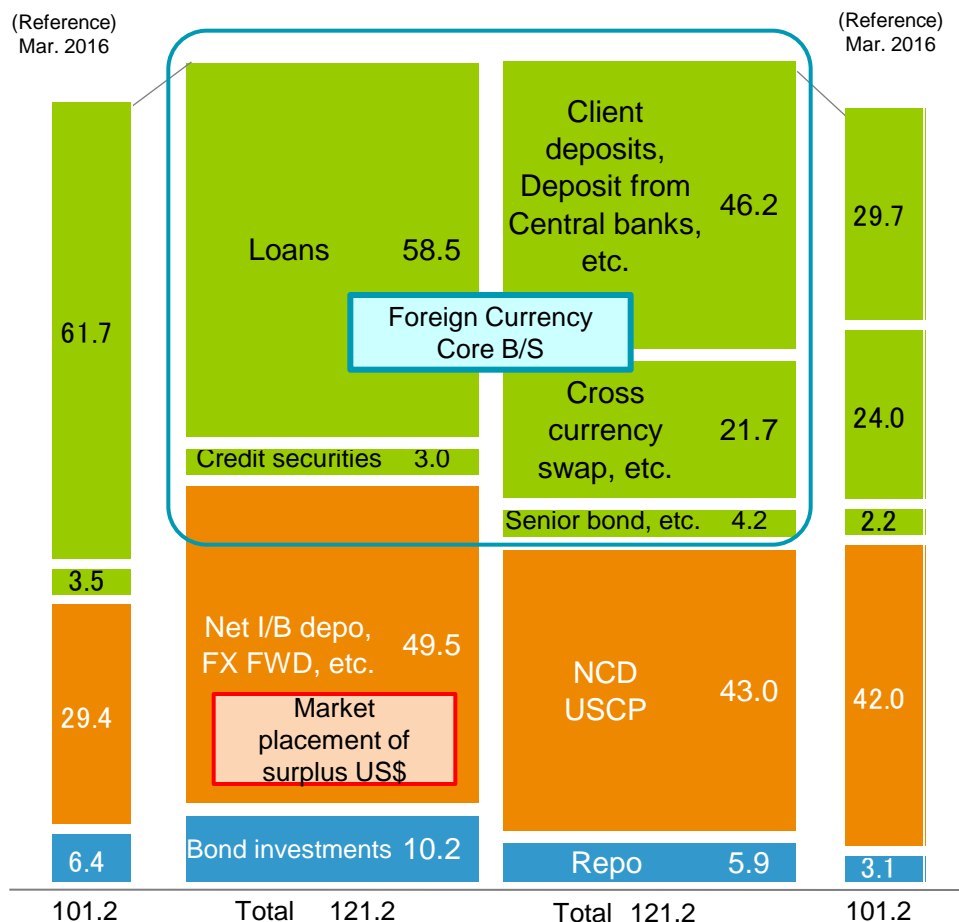
Growth in business profit



Global Markets : Foreign currency ALM management

- ▶ Funding cost of foreign currency core B/S has been reduced through increase of “sticky” client deposits, deposits from central banks and reduction of high cost yen cross currency swap funding
- ▶ Short term funding through NCD・USCP market designated as funding buffer, continues to be deployed as surplus funds in the interbank and forex market

Foreign Currency B/S (as of 2017/3) (Unit: US\$ Bn)



Reduction of Funding Cost

- ▶ To reduce funding cost while liquidity risk management to be given full attention

